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Author:

Boulder [*pseud.*]

Title:

Hidden causes of reckless  
advertising waste

Place:

Chicago

Date:

[1913]

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MASTER NEGATIVE #

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BIBLIOGRAPHIC MICROFORM TARGET

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**Boulder, pseud.**

Hidden causes of reckless advertising waste, by "Boulder" [pseud.] ... 1st ed. Chicago, Lord and Thomas publishing house [1913]

112 p. illus. 20cm.

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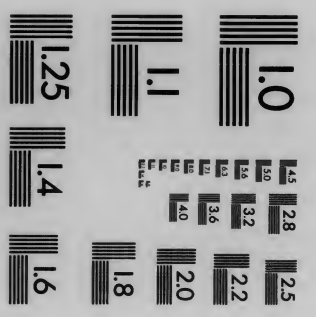
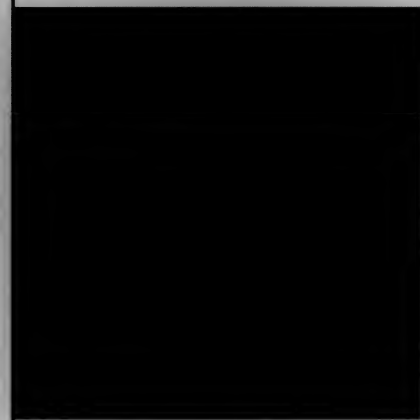
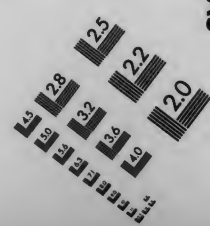
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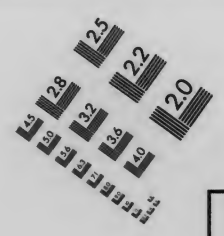
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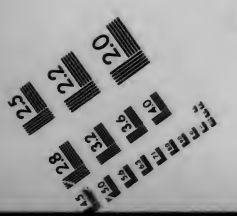
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*Hidden Causes*  
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Hidden Causes of Reckless Advertising Waste



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Chicago

# Hidden Causes of Reckless Advertising Waste

*By "BOULDER"*  
*The Business Detective*

(Reprinted from JUDICIOUS ADVERTISING)

FIRST EDITION

Lord and Thomas Publishing House  
Chicago, U. S. A.

JAN 11 1914

Business

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Feb. 26/14 N.S.C.

## CHAPTER I

### How the House Correspondent Wrecks Business

A POWERFUL figure in a certain line of automobile accessories one spring morning about a year ago sent for his advertising manager post haste.

When the latter put in his appearance the president of the concern had spread before him on his desk three large sales maps, which gave at a glance sales conditions in every territory in the country.

"The reason I called you," he began, "is on account of a bad slump in sales during the past month in two territories that previously were among the six largest producing territories in which we sell.

"Isn't the advertising we are doing in those territories right?

"Are our competitors advertising so heavily that our publicity is being offset?

"Are we spending too little there, or are conditions such that our products are not being bought? Have we 'jammed' the market? Is our copy wrong for that territory? Are there any special conditions which we are not meeting—local conditions?

"Please have a report ready for me on these points in three days."

This advertising manager, whose judgment of copy was sound, and who was a close student of the trade conditions, found himself up against a severe task.

There was no visible way of ascertaining the difficulty.

That was the way I happened in on the proposition. The following afternoon I was in conference with the sales manager, the advertising manager and the president.

### **Took One Territory at a Time.**

We took each territory at a time. I was told the dealers who had the articles in stock in those territories—some of their business traits and other points which would aid me in my investigation.

There was absolute knowledge that the product was right—that the methods were right. That the advertising copy itself was sending possible buyers into the stores to buy the goods was almost certain to my mind.

The concern was using large space in practically all the good national mediums and in most of the territories the consumer was approached through the columns of the newspapers.

Trade paper space had also been bought in large quantities.

It did not seem to me that anything could be wrong with the advertising campaign—there were no breaks in the links between the ads and the consumer. The consumer was asked to write for a booklet and send the name of his dealer or one in his city or town. He was also asked to inquire for the product at the business place of the local dealer.

The newspaper copy carried the names of the dealers—so that there was no loose joint in the campaign. It looked good from every viewpoint.

### **Called on Large Dealer.**

I called upon one of the largest dealers in automobile accessories in the metropolis of a middle-western state. In the store, signs calling attention to a heavy advertised line of accessories which was in direct competition with the line that I was investigating at that time, were everywhere visible. I had been informed that the dealer had handled exclusively the line for which I was investigating; hence I was somewhat shocked when I asked the manager what he thought of the advertising which my concern was doing—if his relations with the house were satisfactory and if business was increasing. I was informed by him that he did not handle the line.

### **Was Handling a New Line.**

"You have handled this business until very recently, have you not?" was inquired.

"Yes, I have been," he replied, "but I am not at the present time handling it and I will not in the future. I have given up the agency and am handling the line which you see in stock."

I spent some time with him without gathering much information until he finally said, "I will give you the reason why I cannot do business with the manufacturer you are asking about. I have worked up a business in this particular line for some years and last year I sold \$25,000 worth of these accessories, but I have made a new contract with a different concern which calls for \$50,000. There is no question in my mind but what the contract will be largely overrun, and from present indications I will sell \$75,000 worth of these goods the coming year."

Knowing as I did the heavy advertising campaign which was being conducted by this manufacturer and knowing of the tremendous success it was bringing dealers in all parts of the United States, it was rather amazing to me that this man should wilfully pull away and adopt another line, which he confessed to me was not equally as good. As a result of my investigation I gleaned these facts.

There were a great many of this dealer's customers who were using the goods that this manufacturer made and during a period of six months last past he had had 12 or 15 complaints from customers showing that the product manufactured was not 100 per cent right.

### **Fault of Manufacturer.**

This was clearly the fault of the manufacturer and not the fault of the consumer, because the manufactured article at this time would not stand up under the use for which it was built.

Here was a case where poor goods had got out of the factory which had not stood the usual tests. They were sent out by mistake, I found later.

The dealer had been unable to get any adjustment what-

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### *Hidden Causes of Reckless Advertising Waste*

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ever from the house as he returned the product time and again. This showed conclusively that the article was not up to the high standard that this manufacturer had himself believed it was.

The article cost from \$40.00 to \$90.00, and consequently the consumer had cause to be especially "sore" when he had to bring back the article, practically worthless, to the dealer.

I asked the dealer why he had not taken this matter up personally with the president of this concern and he stated he had made a trip to the factory and explained to the head of the adjustment department all the conditions, but he did not get satisfaction, and his letters—both before and after his visit—seemed to have had no effect whatever.

#### **Said Advertising Was Worthless.**

He said "that all the advertising in the world could not offset the local conditions if adjustments were not made, because many purchasers were dissatisfied and not in line." He informed me that it was impossible to get buyers back into the state of mind that would compel them to continue buying the article, unless adjustment had been made and that in all instances he had been forced to stand the loss himself and these losses cut into his profits to such an extent that he found it impossible to continue.

He informed me that he had taken this matter up—not in an aggressive way but in an appealing way—with the head of the department, but even then he had failed to get a satisfactory adjustment.

I asked to see the correspondence which had passed between him and the house.

The truth dawned upon me in a flash.

I noted the dictator's initials at the bottom of the first letter—"H. R. E." The same correspondent had dictated every letter; his answers were short and antagonistic.

Between the lines I could read over-zealousness and desire to save money for the house. A desire to avoid costly adjustments with apparently little conception of actual conditions "on the firing line."

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### *Chapter I: How the House Correspondent Wrecks Business*

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#### **A Sample.**

Here is an extract from one letter:

"Your favor of the 27th inst. at hand, relative to an adjustment on the car of H. L. Henderson. . . . We cannot see how your customer can in any way lay the blame upon the ———. It was tested 35 times before leaving the factory and was mechanically perfect. There must be some other cause that your customer has not divulged—an accident or an attempt to fool with it. Under the circumstances we cannot see our way clear to make any allowance whatever."

And other letters were similar in tenor.

Apparently no attempt had been made to ascertain the true state of affairs whatever. The simple desire was to save the house money. One letter was even insulting. One phrase of it was:

"We have had people try to put that over before, but no one has got by with it yet."

That was certainly serious. And the dealer had declared he had been insulted at the factory.

So here was the situation in a nutshell:

The thousands of dollars spent in advertising that product in a city of close to 250,000—all magazine and national publication advertising which reached that town was lost simply because of a tactless, overzealous correspondent—a man who wasn't broad enough to admit that any problem had two sides—backed up by a factory man whose natural capabilities should have prohibited him meeting a customer alone.

#### **"Made Good" at Own Expense.**

The dealer informed me that he had "made good" with his customers, but in spite of that fact he could see a falling off of his business along other lines, and customers who had purchased steadily from him were drifting away and he was losing other business that should rightfully have been his.

These conditions were taken up forthwith with the manu-

### *Hidden Causes of Reckless Advertising Waste*

facturer and an inquiry was started at once which developed the fact that a clerk in the manufacturers' organization was incompetent, but the institution was so large that nothing of this nature had ever come to their attention before. Upon asking the head of the adjustment department if there had been any difficulty with the dealer, the sales manager had been informed that this particular dealer had been treated the same as everyone else. Every dealer had been treated the same way.

*As a consequence sales had fallen off. The sales department and advertising department were blamed, for they were responsible for the sales of the business.*

*There was plenty of consumer demand and the sales and advertising departments had done their level best and had actually produced the business, but the resistance was in the correspondence department where incompetent clerks were handling the business and had failed to hold it after the sales and advertising departments had created it.*

### *Same Trouble With Other Dealers.*

I investigated 100 other dealers in exactly the same manner.

In every instance I found the same trouble existing, although it had not caused any further loss of customers—however, it had established a barrier of resistance that was in a measure difficult to overcome. The other dealers whom I visited had not so many complaints as the instance cited above.

The afternoon that I finished my entire investigation and met with the sales manager, the president and the advertising manager, there was a terrific shaking up in the institution's correspondence department. Incidentally, "HRE" each day for a month afterwards was compelled to submit his daily dictation to the advertising and sales managers before the letters left the office.

Beginning the Monday following the upheaval, 30 minutes each day were devoted to schooling the correspondents in tact, diplomacy, etc. Examples of wrongly-dictated letters and their corrections were presented for scrutiny. For-

### *Chapter I: How the House Correspondent Wrecks Business*

mulas for handling certain situations, by correspondence, were devised.

Strict laws on adjustments were laid down, printed copies prepared and placed upon each correspondent's desk.



*"The campaign had fallen flat. The correspondents, like those in hundreds of other business houses were overworked."*

A serious situation had been averted by the discovery of the house correspondent's errors in business practice, and, in this connection, it was interesting to note that last fall the accessory house had recovered the lost business through a well-timed visit by the sales manager himself.

### **Steady Employment for "Business Spy."**

And today a man, acting in the capacity of a business detective for this concern, is making the rounds, traveling from town to town and from state to state, investigating tiny details "on the firing line." He is not known to any of the heads of the departments or men in the employ of this manufacturer and he can properly be called a spy, because that is his business.

In the particular instance related, the house correspondent or correspondents were gradually wrecking the business which rightfully belonged to the manufacturer and which was created by the sales and advertising departments.

It showed conclusively how a broken cog of a business organization can disrupt the working of its entire machinery. Had this condition prevailed indefinitely it would have meant the ruination of the tremendous business which the concern had built.

I found, especially in mail-order propositions, that every few months the correspondents are given what is termed a "house cleaning."

All inquiries which came in for a week or ten days are apportioned to the different officers and heads of the organization.

These executives write letters in reply to inquiries and it has been found that the business stimulus thus brought about has been enormous.

Especially was this true in one instance which comes to my mind.

### **Poor Letters Wreck Mail-Order Campaigns.**

One of the large merchandise houses had received hundreds of inquiries from dealers regarding their product and the records show that only a small percentage of these dealer inquiries ever resulted in placing a dealer agency.

The campaign had fallen flat—the poorly dictated letters were the cause, but the blame was wrongfully placed upon the correspondents' shoulders.

Answering the dealer communications was really the sales manager's task.

The correspondents, like those in hundreds of other business houses, were overworked.

Each individual had more work than one man can safely handle. Instead of making the prospective dealer ambitious to secure the agency for the well advertised product, the correspondents' letters reached the dealer's wastebaskets. Then the dealer would continue to receive the same old follow-up matter, without a spark, without a new thought, without a single sound reason that would appeal to his business interests.

### **Enormous Business Increase.**

After this quarterly house cleaning the house correspondents were shown the enormous increase that had been accomplished.

*It was due to the fact that the letters which the executives wrote stimulated the dealer to action and carried conviction, a conviction that the dealer must have in any product before he would stock it.*

*Here was the cause of advertising waste that was completely hidden until the executives decided to handle a share of the correspondence. The stimulant it effected converted the advertising from a failure into a success.*

Another instance of this nature comes to mind where the house correspondents are given inquiries and are instructed to write certain kinds of letters such as were indicated in the foregoing.

Every letter which was written by the house correspondent was not mailed but taken to the private office of the sales manager, who scrutinized carefully each and every letter which was to be sent out. Those letters which "rang the bell" were sent immediately and those that were of little interest and did not tell the story clearly and concisely were held up.

At the end of the week the house correspondents were called in conference and the letters which were "possible" were discussed.



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### *Hidden Causes of Reckless Advertising Waste*

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They were dissected and returned to the writers. After the first "house cleaning" of this nature of this concern the increase in orders jumped over 40 per cent.

It was a surprise, as can be imagined, to the house correspondents that these letters had been held up by the sales manager, for they were unaware that these letters had been carefully scrutinized before going to the mails.

The house correspondents by this method were "on their toes" all of the time because they did not know but that their letters which they were writing to prospects were being gone over by the head of the house.

#### **Every Letter of the 100 Per Cent Class.**

It can be readily seen of what vast importance it is to any business that correspondents be of the highest class employes so that every particle of "juice"—so that every ounce of selling energy, intelligence and concisely told sales talk be given to the prospect; and that when a letter reaches an organization it is 100 per cent right in all instances and not 20, 30, 40, 60 and 70 per cent in the great majority of cases.

Every letter should be of the 100 per cent class. Yet few manufacturers realize its importance.

But it should be just as important to them that the house correspondent has as much ability in his line as the sales manager, or the treasurer, or president has in directing the financial and intricate problems of the business.

In my discussions with manufacturers I have gone into the subject of correspondents and have been told when I inquired about correspondence and house correspondents, "Oh, yes, we have a complete set of letters and follow-ups."

When I told these manufacturers how the dealers, after receiving letters that meant nothing, consigned them to the waste-basket, they began in a small way to realize what house correspondence meant to them and to the future building up of their business.

#### **Why Some Campaigns Fail.**

How frequently have I come in contact with manufac-

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### *Chapter I: How the House Correspondent Wrecks Business*

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turers who have told me that they have received hundreds of inquiries but after receiving the inquiries no business had developed and in a great many instances when I have gone over the correspondence it was a wonder to me that they ever secured even a reply.

Great injustice is done publications whose pulling power is unquestioned—whose inquiries in number have been immense, but the cash results of which have been *nil* because of poorly written replies. There was no "meat" in them.

You manufacturers have a house cleaning day, whether every three months or six months, have a house cleaning, and get after your house correspondents and scrutinize carefully the replies which go to inquirers, as you would your bank account and the debit side of the ledger.

It is just as important, this phase of the business, as your trial balance.

Your trial balance tells you each month exactly the condition of your business.

Your letters to the consumer, to the prospects and to the dealers should be scrutinized just as carefully, because this is the true pulse of your business.

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## CHAPTER II

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### Selling Ammunition Aimed in the Dark

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**B**EFORE a body of troops assumes its position on the firing line, an expert rifleman determines the correct "wind gauge" and the correct "range"—allowing for resistance of the wind against the steel missile and the distance of the target.

On his analysis of conditions hangs the effectiveness of every man's fire, for every soldier's rifle is "set" to equalize those conditions.

That is good military practice—the war department would count fighting men worthless, regardless of their courage, were these essentials of modern military practice omitted.

Now then—turn to modern business practice.

And take that branch of sales-promotion through advertising in which the target is the dealer. And the selling ammunition is promotion documents, dealer-circulars, booklets, folders, follow-up letters, or co-operative advertising.

*And what have you?*

#### The Business Problem.

That, in short, was one problem that I tackled last summer. For the purpose of investigating "under the surface" of five national advertising propositions—to find the *resistance* in the sales avenue—I entered the employ of five great men in the business world, whose names, were I to divulge them, would amaze you.

For they are men whose names in business are extremely well known.

But they had evidently collided with the law of diminishing returns. As evidence of the commercial correctness of

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## Chapter II: Selling Ammunition Aimed in the Dark

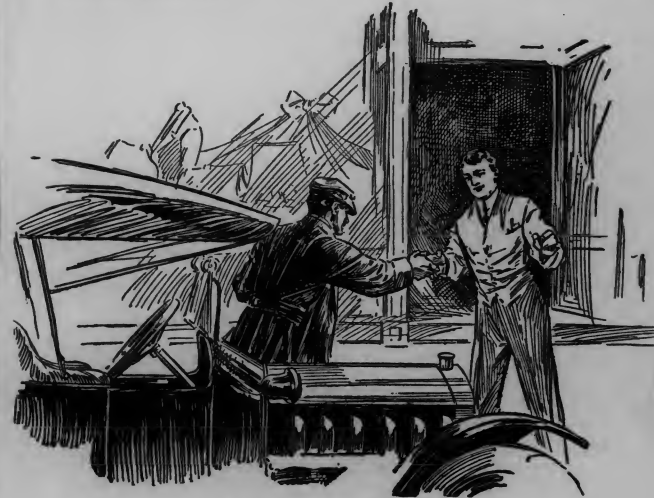
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their respective articles were a remarkable string of sales effected by their advertising in past years.

The central selling idea was being driven home by their advertising—exactly as it had in the successful years past. It was supposedly well placed, for there had been little change in the caliber of mediums used.

#### Books Reflect a Snag.

But an inspection of sales records showed a set brake somewhere along the path between the factory and the ultimate consumer.



You Must Know the Dealer.

*The sales were not in correct ratio to the exerted selling force.*

*Here were a quintette of advertising appropriations that were from 30 to 65 per cent larger than the year previous*



### *Hidden Causes of Reckless Advertising Waste*

—yet in no case were sales more than 22 per cent greater than during the same month the year previous.

Now I had learned from situations of this sort that the selling avenue was somewhere seriously blocked. For in the most favorable of the propositions there was a 26 per cent variance between the actual sales and what would have been a legitimate volume, taking into reckoning the increased expenditure.

#### **Establishes Basis for Operations.**

Carefully I prepared my route through states and sections where the selling barometer was especially low.

I planned to visit the consumer—to see the dealer—to see the jobber—to peer into every nook and cranny where the least possibility of the discovery of solutions existed.

I shall not weary you with the details that my tour through fourteen states embraced.

The jobbers, I found, were perfectly in sympathy with the five enterprises.

This was the net of information gathered from the middlemen: "We're getting about the same orders from our customers as last year—don't seem to be dropping off—so I guess there isn't anything that we could tell you. You might send us some literature to ginger up the dealers. But, of course, I don't know that you'd get any results."

#### **Germ of An Idea in Jobbers' Attitude.**

In the jobbers' laconic summary of the situation—and they were all practically of the same mind—I grasped the thought that mayhap the dealer was unresponsive to the manufacturers' increased selling efforts.

In the case of a number of articles under investigation I was familiar with the fact that practically every dealer on my list had been circularized a number of times. The literature had given them information relative to campaigns—had been replete with ideas and business aids that were calculated to quicken action in the removal of the goods from the dealers' counters.

### *Chapter II: Selling Ammunition Aimed in the Dark*

These facts I bore in mind when starting my rounds of the listed dealers.

To get down to the net—when calling on the dealers I first asked if the dealer was receiving this matter informing him of the expansion of the manufacturers' selling efforts—if he was tying his store to the powerful campaigns—if he fully realized the potency of the facts this promotion matter told him.

#### **How the Dealer Took It.**

And here was the tenor of the average answer:

"We're too busy here to pay much attention to that stuff. We get a lot of it all the time—a bushel a week, I guess—but most of it we throw away or burn up."

And oftentimes I persuaded the dealer to give me ten minutes of his time while we went through the promotion literature together.

And therein lay the solution of this resistance—the set brake that was blocking the sales avenue to the consumer—that was resulting in a waste of scores of thousands of dollars expended to buy the selling force represented by the advertising campaigns and the cost of the promotion documents.

Here was the little cog that crippled the business machine:

*In these piles of hundreds upon hundreds of dollars' worth of wasted printed matter was the practical demonstration of how little the manufacturers know the real needs of the dealer and how absolutely blind are manufacturers to the dealers' problems. Hours were spent in going through and discussing specific pieces of literature and propositions. And I learned why the dealer called it "stuff."*

#### **A Specific Example.**

One promotion circular, announcing a campaign which necessitated a 50 per cent increase in one manufacturer's advertising appropriation for that year is a fair illustra-

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### Hidden Causes of Reckless Advertising Waste

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tion of how the average manufacturer greases his own skids off the straight line to profit.

Here was the start of this circular:

"This powerful advertising will sell ——— to 15,000,000 housewives, for YOU, Mr. Dealer."

I read the sentence to the dealer, upon whom I was calling at the time.

"Think of that," I exclaimed to the dealer; "15,000,000 homes! Think of the tremendous expenditure that that means."

The dealer smiled. "I'm not interested in the whole country," he said. "If any of my customers are influenced to buy the article by that advertising I'd be glad to push it."

*"What I want to know is, how many of MY customers are reading this advertising. That would interest me. The manufacturer is talking about publications which my postmaster says are scarcer here than hen's teeth."*

He was a level-headed merchant. His analysis was the net of the situation. And the average dealer I visited expressed himself much in the same vein.

The dealer had not been told about advertising, except in a desultory way, by the average salesman. The promotion work from headquarters was the only advertising story he had, and that promotion matter had missed its mark. The dealer was not co-operating in ratio to the exerted selling force. He was failing to do his share—simply because this selling ammunition was aimed in the dark.

### 97 to 98 Per Cent Wasted.

The manufacturers had failed to set their "wind gauges"—their "ranges" were wrong. There was seemingly no understanding whatever of the dealer—of his business—of facts in connection with these campaigns which were likely to impress the retail merchant.

Without knowing these things they had aimed in the dark and missed.

*For fully 97 to 98 per cent of the material noted was*

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### Chapter II: Selling Ammunition Aimed in the Dark

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*absolutely worthless. It was not suited to the dealer's needs. It told him nothing in his own business language. It was miles away from his own problem. The manufacturers would have been quite as well off—perhaps better off, for they had lost prestige with the dealer—if this weak selling material had never left the factory.*

### Let Us Study the Merchant.

No general publicity campaign was ever reasonably successful without the dealer. You must know the dealer. For without knowing him, without taking advantage of his environment, selling ammunition cannot reach him. So let us analyze the retail merchant.

One potent fact which stands out in my mind today from the vital points gleaned in these investigations is the truth that 95 per cent of retail merchants do not obey the most primitive of the laws of business science. They have not the faintest conception of the cost of doing business. Their methods do not illustrate, with any accuracy whatever, whether this plan or that is a sales producer or a loser of business.

And this is scarcely believable, but it holds good with 65 per cent of the merchants upon whom I called in 14 states:

*Neither the merchant nor his clerks were aware of the fact that any of the articles they carried were being advertised. They supplied such goods when customers demanded them and the demand in the majority of cases far outweighed the demand for nameless, unadvertised products. Yet they expressed positive pleasure and some surprise when told of the heavy publicity campaigns that had been swung into action for their benefit.*

### Where Does the Demand Come From?

At the same time my statement that they owed many of their sales to the advertising was rarely believed by any of them—though, on reflection, they could account for the demand in no other way. Yet the truth was scarcely within their reasoning power.

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### *Hidden Causes of Reckless Advertising Waste*

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As evidence of this chaotic condition in retail circles, let us turn to the seemingly miraculous feat accomplished by the truest friend the American retail merchant has—W. J. Pilkington, of the *Merchants' Trade Journal*, Des Moines, Iowa.

Mr. Pilkington some years ago took the business of an Iowa town under his wing. He applied scientific business methods. He converted chaos into order.

He was keenly alive to what the manufacturers were doing—he worked a revolution in methods of business management and in selling methods.

Six months told the story. With no more months to feed, no more bodies to clothe, with no population increase to aid him he multiplied the town's business several times over, *in six months*.

#### **The Average Dealer's Attitude.**

In these extended investigations I found the average keen retail merchant possesses an attitude toward national and local advertising little short of remarkable.

I found that fully two-thirds of the merchants I visited had the idea that by some unseen hook or crook national advertising defrauds the dealer of a part of his just profit.

"If the thousands of dollars that those people claim to be spending was devoted to making a bigger margin of profit for us, we might do business at a decent profit."

And that emphasizes the necessity of judicious price-fixing. For it is a well known fact that it is a difficult task to keep the retail merchant from cutting prices when a long margin is given him.

#### **Statement of One Merchant.**

One merchant upon whom I called stated that his business would mount higher than \$135,000 during that year. That is big volume for the small town merchant. He might be termed a member of the more progressive school of retail dealers. He said:

"In some cases I have been compelled by demand to stock nationally-advertised goods because my customers

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### *Chapter II: Selling Ammunition Aimed in the Dark*

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demand products which they had seen advertised. I was forced to buy the advertised goods when I already had on hand a stock that would have served just exactly as well. I do not consider national advertising as fair to the dealer. My old stock is bound to be a dead weight on my hands."

Which should have been a mighty lesson to this dealer on advertising, but it evidently was not, for the nameless goods doubtless had a wide margin of profit that was very enticing. He did not take into consideration the fact that, ultimately, the faster selling advertised product meant a far greater bulk profit than the unknown goods. It had to be pointed out to him, but even then he was not convinced, for the immediate, individual profit on each sale was larger. That interested him most.

#### **Lays Stress on Small Profit.**

Another merchant, who apparently had a good analytical mind, cited this instance:

"Why not give us a larger profit, instead of everlastingly endeavoring to create a greater percentage of sales, for a dealer would gladly push the goods harder. He could afford it. Here is a 25 cent article that costs \$2.10 a dozen. It carries a 40 per cent profit. I must sell a dozen in order to make 90 cents on this line. I absolutely cannot sell more than a dozen a week, which gives me but 90 cents profit a week for handling the goods. That does not take in rent, heat, light, overhead charges, etc.

Here is a product, unadvertised, that I am buying for \$1.25 a dozen. I make \$1.75 profit on each dozen sold. And you bet we substitute whenever it is possible. We are justified in doing it because the profit is heavier—and we're in business for the purpose of making money, same as your manufacturers are. Before the first-named article was advertised I rarely had much call for it. The sales of the competitive advertised product have not been influenced, but we substitute it wherever possible, which is human nature."

It had never occurred to this merchant that those 12

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### *Hidden Causes of Reckless Advertising Waste*

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sales a week would never have been made had it not been for the advertising.

His answer was that the advertising manufacturer gave the dealer no consideration in price-fixing; that the dealer could have "what was left."

#### **The Dealers' Selling Methods.**

You, who are reading this, must understand that this is a bare, cold exposé of facts—nothing more.

You may wonder whether the average dealer believes in advertising.

His view of publicity is as a *defensive* force, rather than as an *offensive*, aggressive factor in selling goods.

To illustrate—

The average dealer in the medium sized town can buy space in local papers from 10 cents to 40 cents an inch and he uses it at various times. Not because he considers that he gets value received, nor because it is a good selling method, but simply because the "man across the street" is advertising.

Or because the newspaper is a worthy local institution.

#### **A Case in Point.**

I had occasion to visit a retail merchant in a New England town while he was executing a publicity idea of his own in connection with a local sale.

At a cost of \$10.50 he announced the sale in his local newspaper. He spent \$60 for "dodgers" which went into several thousand homes in the town and nearby neighborhood.

One method—newspaper advertising—he used because of necessity, he felt. The "dodgers" he considered his chief mode for getting people into his store. Which vividly illustrates the shortsightedness of the retail dealer toward national advertising.

*He could see with his own eyes the distribution of the small slips of paper. He saw people glance at his "dodgers"—it was "good advertising." But he couldn't see the powerful machinery of newspaper advertising at*

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### *Chapter II: Selling Ammunition Aimed in the Dark*

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*work. He couldn't see people reading the newspapers, because he wasn't in the homes to actually view, with his own eyes, the advertisements doing their work.*

So the action of that publicity that he could see at work was "good advertising"—what he couldn't see didn't do him any good, according to his deductions.

#### **The Application of This Truth.**

And that largely accounts for his attitude toward national advertising. And that is a point that you manufacturers, you advertisers, advertising managers and publishers must consider.

If you don't make him "see"—in his mind's eye—your powerful campaigns at work, your dealer promotion literature is wasted. The percentage of selling force exerted upon the dealer's customers—the consumers of his neighborhood—is largely wasted also.

For he will not stock the article unless he "sees" that the goods he purchases are at least *partly sold* when he buys them. The subsequent dealer-helps you mail him follow the trail of the dealer-promotion documents into the furnace, or into the barrel that contains the waste.

#### **How He Must Be Shown.**

*The very first line of your promotion literature must shock him into the realization that here is "his" proposition. Make him say to himself, "Here is a manufacturer who is going to sell to my customers—people right in this community. It is a good thing to tie my store to."*

*Prove up your proposition in the dealer's business language. Prove to him that you're selling him goods that are already "partly sold." For any man will buy goods that are being sold for him.*

*Link a legitimate selling plan to your work on the dealer—base it on your article's central selling idea. The results over old bombastic methods will astonish you. Tell your story in simple fashion—without the technical advertising expressions and technical business phrases. And tell it quick.*

Do that and you abolish a tremendous proportion of the waste that appalled the writer in his investigations among thousands of such dealers as you are constantly addressing.

### The Summary of Dealer Conditions.

Getting back to the five manufacturers for whom I investigated, here was the meat of my report on the situation with the dealer:

A.—“Rule of thumb” methods are the only business laws known to the average merchant in towns and cities ranging in population from 2,000 and 5,000 to 50,000 and 75,000. Fully 80 per cent of those merchants today are largely indifferent to orthodox national advertising. They are unimpressed by its value to sell their goods—simply because they have not been told the story in understandable form. They have not “seen” the action of the selling forces in powerful publicity campaigns.

They cannot appreciate in its true sense the value of local newspaper advertising.

Salesmen yell about merchandise but not about demand-making advertising.

Because of these conditions and without efficient teaching they constitute an obstacle to the product's avenue between the factory and the ultimate consumer. The manufacturer's efforts are sorely handicapped and in a large number of instances the success of nationally advertised products is accomplished in spite of the dealer rather than through any effort on his part. When some efficient means of thoroughly educating the dealer is devised this obstacle will be swept away—not before.

The suggestions embodied in this article may aid in that achievement. That is the reason they are tendered. The first national advertiser to obtain a complete grasp of the situation and capably execute ideals to overcome this dam to distribution will be famous for the achievement.

B.—*Sales promotion matter in the great majority of industries is inefficient, weak and absolutely misses the mark. It is eminently unsuited for the class of dealers to whom it is addressed. The germ of an idea—the excuse*

*for attempting to enlist the dealer's co-operation—is almost invariably buried. Even should the dealer be patient enough to get down into the average promotion circular, his mind would be so muddled with bombastic statements that the submerged central selling idea would be untruth to him and be wasted ammunition. There is a positive absence of knowledge of the dealer's problems. He fails to grasp the powerful truths that stand behind the meritable article because he is “slobbered” over with things his restricted business mind cannot grasp.*

### Sales Promotion Matter Weak.

This treatise presents the cold-blooded, harsh facts as I found them. And I know they will be as equally astonishing to the average manufacturer as they were to me when I unearthed them.

They account for the apparent existence of a multitude of imaginary business ills. In the five propositions I investigated the manufacturers, before my tour of dealers, had charged the difficulties variously to bad copy, bad merchandising, hard times, changing seasons, consumer indifference, too high a price, bad weather and other causes in reckless profusion.

### An Experiment Upon One Dealer.

With my discoveries in mind I decided to make a business experiment upon one dealer who operated in the town where I was born. I visited him, found him doing exactly as the rest of this class of merchants—throwing away the good, meaty ideas that this promotion literature contained.

He had given it little thought. He said he was “flooded” with it month after month—couldn't “buy everything,” he declared.

Now three of the manufacturers for whom I investigated produced articles that were suitable to this dealer's business, so I took special care that he receive the new promotion literature built on the findings of that investigation—literature that teemed with live vibrating business truths that were understandable to the dealers—he



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### Hidden Causes of Reckless Advertising Waste

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was talked to in his own language—with figures that related to his particular business—he was told what dealers in his circumstances had done—the number of dozens each had sold—the gross and net profits—facts with fixed bearing on the case in point.

Then I had an evening's session with my dealer-friend. I told him something of my investigation. He learned a mighty strong lesson in good business practice. I laid down the advantages of utilizing the promotion literature and he promised me he would utilize the ideas it gave him—that he would endeavor to co-operate with national advertising—he agreed to test my theory.

#### The Result.

Two days ago I received a letter from him. Here are the excerpts which have bearing upon our subject:

*"Since I have been taking advantage of the ideas on advertising given by the makers of the three articles you told me of, I have done more than five times the business I did previously on one of them. On both the others I have over doubled the amount of trade I used to have on them. And I want to thank you for calling my attention to these trade-helps. My profits have increased 45 per cent during the past month because as soon as I saw that the three you explained, were paying me, I took advantage of other circulars which came in. And the ideas are making a 'barrel' of money for this store today."*

That, gentlemen, is the verdict against aiming your selling ammunition in the dark. It is good business practice to set your "wind gauge" and "range" before you fire.

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### CHAPTER III

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## Campaigns Crippled by Fallacies of Salesmen

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EARLY in the spring of 1910 a shoe manufacturer, well known in the trade for women's high-grade footwear, decided he must reach the consumer. He decided to concentrate on half a dozen states within a radius of 500 miles of the factory.

Several leaflets addressing the consumer were written. Copy was prepared for newspapers in the territory. The ads were embodied in a folder for the use of the sales-force.

Early in March the salesmen were called in, a ginger meeting held, and the announcement of the advertising campaign climaxed the proceedings. The manufacturer told his men the advertising would probably mark a new era in the business—not only would it secure better terms for the house from its customers, but it would enable them to broaden the field of distribution—to stock the shoes in more stores. When fall came—the period the campaign was to run in newspapers—demand would increase.

New dealers were to be stocked by the salesmen during the spring. That was the important function of the campaign, at that moment.

#### Salesmen Depart for Territories.

Armed with the folders of the advertising, a myriad of dealer helps to round out the campaign and a newly-organized sales talk, the salesmen left for their respective territories.

New dealers was the central theme of the campaign. But, at the same time, the old dealers must be stocked more heavily than the fall before—for the advertising

### *Hidden Causes of Reckless Advertising Waste*

would sell more shoes for them than they had sold the year previous.

It was about a month later that unrest at the factory became apparent. And at this point the writer was called upon to lend his aid.

#### **No More Orders Than the Year Previous.**

Business from old dealers seemed to be holding up fairly well, I found upon interviewing the sales manager.

But new accounts were few and far between. The seven or eight new dealers who had been added, ordered in tiny lots, as if rather wary of the proposition.

*The manufacturer became panic-stricken at the thought of a possible loss. Fidelity to old dealers prohibited the canceling of the advertising campaign, for old dealers had been more heavily stocked on the strength of it.*

*Without new dealers, the increased demand would remain unanswered—for the consumer would inquire for the shoe, but would not be supplied. That would be a decidedly serious waste.*

The situation looked dark, for the manufacturer needed at least \$100,000 new business to offset the expenditure for advertising, which amounted to about \$50,000. And the business had to be secured during the spring selling season.

The task given me was to unearth the snag that threatened to wreck the campaign and waste the major part of the manufacturer's \$50,000.

#### **"Covering Territory Splendidly."**

"They are covering their territory splendidly," the sales manager vouchsafed, when I inquired into the capabilities of the men.

He assured me the whole territory was being closely worked—that the men were doing their work in a very satisfactory manner. His only explanation of the absence of new accounts was the character of the advertising campaign, an especially stiff season of competition, business conditions and other commercial bromides of like nature.

### *Chapter III: Campaigns Crippled by Fallacies of Salesmen*

I took Dun's and Bradstreet's lists and picked 50 towns in the territory at random. I had a typewritten list drawn up of all the old dealers in those towns. I found the house was selling shoes to one-tenth the satisfactorily rated dealers in their territories.

Then I secured a route list of the salesmen responsible for those 50 towns.

#### **Time-Table Shows "Train Schedule Craze."**

It had been the manufacturer's intention that I take to the road to unearth the snag.

But during my discussion of the situation with the



"Salesmen whose work is crippled by their anxiety to catch trains out of town."

sales manager the thought flashed across my mind that each of those salesmen had unusually large territories—too large, in fact, to be *closely* covered, it seemed to me.

So I secured time-tables and along with the route lists, the sales manager and I did some rapid calculating.

### *Hidden Causes of Reckless Advertising Waste*

I endeavored to ascertain the number of hours for sales work the men had in each town.

*The computation showed that the men barely had time to call on their old dealers and make their trains.*

*Without leaving the factory, we proved by simple arithmetic why new dealers were not added to the list.*

*These men, beset by the "train schedule craze," were struggling desperately to solely "cover" their territory. The salesmen positively did not have time to present their entire organized sales talk to new dealers. So how could they stock new dealers?*

#### How the Truth Was Confirmed.

Still one loophole needed investigation.

Though the sales-destruction of the "train schedule craze" had been mathematically demonstrated, the calculated result might be disproved by practical conditions.

The fact that I had once sold shoes stood me in good stead in this investigation. I spent several days in the factory—secured the technical schooling a salesman must have on this brand of footwear.

To this I hooked my advertising experience and took one typical salesman's route, with a sample trunk of shoes. Also I had copies of the advertisements that were to run and reproductions of the trade helps for the dealer.

#### First Visit to the Dealer.

My first visit was to a Wisconsin city, where the salesman had failed to interest new dealers. I started at the top of the list of well-rated merchants in that city.

The first call I made brought forth this information:

"Yes, I've heard something about their campaign, but I've already bought my line of women's shoes. One of your men said something about the advertising you're going to do. But I wouldn't care to do anything, anyhow, until next year."

*The salesman, by a weak solicitation, the thoroughness of which had been crippled by a fear that he would miss his train, had spoiled the prospect.*

### *Chapter III: Campaigns Crippled by Fallacies of Salesmen*

I talked with the dealer fifteen minutes—simply cited the remarkable selling success the shoe had accomplished for other dealers, naming some of them close to this merchant's city. I told him all this had been accomplished without the shoe being pushed by advertising, with scarcely any selling effort whatever on the part of dealers or makers.

It was purely a discussion between two business men. I made no effort to get the order that morning, telling the dealer I would see him about 4 o'clock that afternoon.

My predecessor's routing showed he had had to leave town at 2 p. m. to make the next point on his route.

At 4 o'clock sharp I called on my man. He furnished the "wedge" himself.

"How much did you say this ——— merchant sold last fall?" was his greeting. The few minutes' talk in the morning had set him thinking. He had compared his field to that of the nearby dealer and had superficially calculated his probable profits in his field.

#### The Clincher.

"Yes, but that was a year ago. This fall the ——— dealer's business will probably double. We're going to advertise in his own newspapers. That business last fall, of course, was done without any pushing—just from people knowing the shoe from the season before and recommending it to her friends, etc.," was my reply.

I let that sink in and waded through a technical description of the shoe. The discussion of selling successes had interested this man and I secured his promise to take dinner with me at the hotel.

After dinner I discussed shoe values with him and worked into a description of the shoes I was selling, which I backed up by showing him actual samples from my sample trunk.

That disposed of the talk on "goods."

"By the way," said the dealer, "I'd like to have you explain about your advertising in this city." Which I did. And in fifteen minutes his name was on the dotted line.



### Disregarded Train Schedules.

*I had disregarded trains.*

*It was my object to stick to the fort as long as a chance of sales existed. I consulted time-tables after orders were signed.*

*The net of it was that a traveling SALESMAN is more productive than a TRAVELING salesman.*

In practically every call the bogey of the "train schedule craze" denoted its presence during the call by the salesman. He had given each of the dealers a smattering knowledge that something was "in the air" in connection with shoe advertising.

More sales effectiveness could have been achieved by letter.

When the "train schedule craze" had been established as the snag in the path toward a large number of new accounts—by actual sales of the shoes and the campaign in 75 per cent of the towns I visited—I returned to the factory.

### The Result.

With valuable time already gone, the salesmen were ordered to drop everything and return to the factory.

They were told of the experiment, the fact being made clearly plain to them that they were not being criticized—they were shown that a mistaken policy of the house was at fault.

The information was welcomed by them. They were as anxious to make good as the house was to have them do so. Enthusiastically, one salesman who was carried away with the spirit of the new enlightenment, proposed that the sales organization adopt this slogan:

*"AFTER his name is on the dotted line, look up trains."*

Then the men went back to the road, saturated with intensive salesmanship. Promotion documents were sent out to all prospective dealers and were timed in compliance with advice from the salesman—so to get there just ahead of him, wherever feasible.

*A very strict report system was installed, so as to keep a direct line on the number of new dealers called on each day. Occasionally neatly printed cards were mailed to the men bearing the adopted slogan: "AFTER his name is on the dotted line, look up trains."*

*Thirty days demonstrated the principle in hard coin of the realm.*

*An increase in new dealers, such as the firm had never known before, resulted within a month.*

*Approximately \$197,000 worth of business was on the books before the manufacturer invested a penny of the \$50,000 in newspaper advertising.*

### Cause of Reckless Waste.

Yet had the "train schedule craze" remained undiscovered this advertiser stood to lose nearly \$50,000, for his additional selling effort would have been practically nil without equal expansion among dealers—without enlarging the avenue of distribution in proportion to the enlargement of selling expense, which the \$50,000 campaign constituted.

The fall found the campaign a healthy success and resulted in plans for the expansion of the manufacturer's appropriation.

Waste of selling effort had been abolished by securing distribution—by getting the dealers to pledge themselves beforehand to answer the prospective demand.

### A Prevalent Idea Among Salesmen.

With the route list laid out and often dated by salesmen, lies the responsibility for the craze to keep pace with time-tables.

Many salesmen and their chiefs are dominated by the idea that when they are given a territory to cover they feel that at all hazards they must cover their section of the country.

Sales become secondary then.

If they are scheduled for Poughkeepsie today and Buf-

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### Hidden Causes of Reckless Advertising Waste

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falo tomorrow, some salesmen feel they must make some sacrifice of trade in sight in Poughkeepsie, if necessary, to make the train for Buffalo.

They forget that orders are orders and that the best place to be is where the orders can be secured. Likewise, to some salesmen, if they are up against it for sales, it doesn't matter how far they travel, if the result at the end of the day is still zero.

Which is one reason we call some salesmen "order-takers."

*The Napoleon of salesmanship masters today's trade battleground instead of going on to new Waterloos tomorrow.*

#### A Great Salesmanager's Creed.

Recently I had the opportunity of talking with a man whom I consider a great salesmanager.

The talk happened to hit upon the train schedule craze. Here was his gospel on this subject:

"I got this line on my men from an experience with one salesman who traveled a month without taking an order from the dealers. His answer was that he was covering his territory. I made it plain to him that the only basis on which he was paid was for orders taken. If he could get one order by working a week in one town he had done more good for the factory than working a week without orders, traveling a territory and increasing traveling expenses, without any returns.

*"Today my salesmen are taught to forget itinerary and to forget territory. They are taught to realize that the only obligation they have is to conquer today's territory today. If they can't sell one dealer they are to sell another. If they can't sell any dealer they are to go out in the country and sell the goods to farmers, taking the order and filling it through the dealer."*

The salesmanager of a watch company told me that he had an experience once where he had been working all the afternoon on a dealer but had to hurry his closing arguments in order to catch a train.

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### Chapter III: Campaigns Crippled by Fallacies of Salesmen

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#### Late Train—Took Order.

When he got to the station he found that his train was an hour and a half late, so he walked back to the jeweler's store, told him that he wasn't satisfied with the way he had left the deal and in the hour and a half remaining got a good order.

*This taught him the lesson that many a sale is lost in a hurry to catch the train and that the salesman who goes into the dealer's store with his time table in one pocket, his order book in the other and his watch in another is dead sure to have less use for the pocket with the order book in it.*

Salesmanagers tell me that the craze to keep up with the schedule is responsible for the reputation that the men of many houses have of being order takers instead of salesmen.

That the short time allotted for each town is divided by the number of calls to be made means that the calls with each dealer are so short that a complete solicitation cannot be made of the dealers called upon and consequently instead of the dealer being made a convert to principles and policy and merchandising ideas the whole visit centers on how much of a given piece of merchandise he can be induced to buy in the few minutes available for discussion.

#### A Critical Business Condition.

Manufacturers complain that they can't get special attention from jobbers' salesmen for their products.

Figure out on a mathematical basis what a jobber's salesman has to do, the number of items he has to sell, the number of department heads who are looking to him for results and it is plainly apparent that it is practically impossible to claim the salesman's attention for some new article that requires discussion and perhaps an elaborate presentation of selling talk in order to secure the desired sale.

This has in some cases been remedied by specialty men calling on the trade with the regular salesman.

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### *Hidden Causes of Reckless Advertising Waste*

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Yet the general complaint is that it doesn't pay to have the specialty salesman call with the general salesman for the reason that while the specialty salesman is busy the regular salesman is pacing up and down the floor waiting for an opportunity to get the dealer with his general line on which his bread and butter depends.

So, what at first glance looks like a trifling thing becomes a question of critical importance.

The meeting of train schedules causes the salesman to work with undue haste.

Haste does away with deliberate discussion necessary to close big deals.

#### **How Talking Goods Wrecked a Campaign.**

It is usually the initial advertising campaign of the manufacturer which feels most seriously the fallacies of the salesman adhering to wrong methods.

Not long ago a manufacturer of a household product, selling through dealers, undertook his first campaign to stimulate sales of the product. Like many non-advertising manufacturers, chief demand for the product was focused on a territory within a few hundred miles' radius of the factory.

The aim was to stock new dealers on the strength of the dealer's promotion circular which had been written in the advertising department and which each salesman carried. A copy was always left with the prospective dealer, if the salesman failed to land the order.

*The dealer promotion work was a flat failure. Few new dealers were secured. An insignificant increase in sales resulted when the campaign was run. Yet the manufacturer was hopeful. He realized that he probably created much heavier demand than the factory felt, for much of it—because of lack of new dealers—was unanswered.*

#### **Goes Deeply Into Subject.**

Still the manufacturer felt his problem was simply new dealers. How was he to get them? Optimistically he planned another campaign of equal proportions.

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### *Chapter III: Campaigns Crippled by Fallacies of Salesmen*

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The writer was then called into consultation.

The problem was submitted. I went out on the road with a salesman to see if the flaw could be located in the solicitation of dealers.

*The salesman, instead of jumping into the subject of his visit, talked weather first. This usually gave the dealer an opportunity to be pessimistic—fortified him against salesmanship.*

*Then the salesman plunged into a lengthy technical discussion of goods—well executed. Following this came a smattering story of the advertising campaign that was to be launched. This the salesman made incidental.*

*In every visit he absolutely failed to drive home the point that the dealer had the opportunity to buy goods that the manufacturer was selling for him.*

*There was the flaw!*

*Too much uninteresting talk on goods—too little selling talk.*

#### **Reorganization of Dealer Solicitation.**

Returning to the factory I dictated a solicitation that seemed adequate. The sales manager, advertising manager and manufacturer reinforced it and amplified it from their knowledge of trade conditions. The salesmen's solicitation methods were completely reversed.

*First, the salesman was to omit weather and business conditions. Then he must dig right into the manner in which the manufacturer was re-selling the goods for the dealer. Then he must tie-up his talk by telling the central feature of the goods that would make the consumer want them—in other words, a description that was tangent to the consumer's interest.*

*Then was to follow a quick summary and the order.*

Typewritten copies of the new skeleton of the solicitation were furnished each salesman at the meeting that preceded the invasion of their respective territories.

"Tell the story in your own words," was the salesman-manager's advice. "But hold rigidly to the thoughts embodied in the new solicitation—and to their sequence."

### Results Prove the Plan's Worth.

Then the salesmen left for their territories. They had quit making "goods" their chief talking point. They talked "goods that we're selling for you."

Within a week the factory began to realize on the re-organized sales talk. Before the campaign ran the factory was going at full capacity to supply the orders coming in from the salesmen.

*In one month this concern's distribution had leaped from 25 per cent. of the dealers in their legitimate territory to 78 per cent. They had more than three dealers in place of every one they had before.*

All because they reduced their solicitation to one that was scientifically businesslike—making a proposition that the dealer felt was built for him.

Many campaigns fall on the fallacies of salesmen—order-takers. There are scores of sales organizations that would gladly pay the price to be backed by advertising as an additional talking point were they possessed of the knowledge of how to wield the subject with its maximum strength—and how to rid themselves of snags that are bred of reigning conditions.

## CHAPTER IV

### The Internal Feud

A TEXTILE manufacturer, during the fall of 1910, was giving deep thought to his third year of advertising.

His campaigns he knew were successful, for the business being done by old dealers showed a healthy increase. At the end of his fiscal year in 1909 his books showed 2,731 dealers were handling his products.

With 2,752 dealers at the end of his fiscal year in 1910, fully \$100,000 more goods had been sold than during 1909. This despite the fact that his dealer organization had only 21 new additions.

This, he knew, attested to the value of his advertising. It demonstrated to him that the consumer was buying his product. Its trade-mark was being standardized. The manufacturer was happy.

### Magazine Man Disrupts the Mirage.

But it remained for a "special" representing a women's publication, which had a good dealer proposition to offer makers of textiles, to shatter the manufacturer's happiness. The magazine man had obtained an interview with the manufacturer, for he wanted the business for his publication. The discussion turned to dealers. The manufacturer told his reasons for happiness.

"With practically the same dealers that we had a year ago," he said, "we have done \$100,000 bigger business. I say that's remarkable."

"What! No increase in your dealer organization! And \$100,000 increase in business. Your dealers for 1910 ought to show at least a 20 per cent increase. You've sent that many more consumers to the dealers you already have," the magazine man replied.

### "Why Haven't I More Dealers?"

That set the manufacturer to thinking.

The theory certainly was plausible. He needed more dealers. His consumer business warranted it. It was up to the salesman, he was positive.

A meeting of the sales organization was scheduled to take place within a few days and then he would bring the matter up.

The day of the meeting came. A dozen salesmen had assembled. The writer happened to be booked for a talk before the organization.

The manufacturer opened the session by complimenting the salesmen and the organization upon the handsome increase in sales. When the matter of dealers was reached in the course of his talk he called attention to lack of new ones—a condition that must be remedied with the coming year, he stated.

The salesman in his talk delicately inferred that the lack of new dealers was probably due to the fact that the house's advertising had not yet reached a point where it was possible to lay heavy stress upon it in business discussions with prospective customers.

### An Incident of the Meeting.

Shortly before the salesmen adjourned a general merchandising discussion arose. A salesman incidentally told of a merchandising idea that the advertising manager had hit upon and had discussed with him.

The suggestion of the advertising manager was to present consumers with a small, useful article made of the leading textile, the concern manufactured. This could easily be done from the natural waste in cutting the product. The article was to answer advertising inquiries and be passed out over the dealer's counters to the latter's customers.

I was sitting opposite the salesman and noted his startled look when the factory superintendent produced

an article he had created to match the advertising manager's ideas.

As the article was being passed around, the salesman's face turned red. He asked the factory superintendent why he hadn't spoken of it to him—so he could judge its value before any work had been done on the strength of the idea.

The incident impressed itself upon my mind. I thought of it for days afterward.

### Manufacturer Hunts for New Dealers.

A month after the salesmen had adjourned their meeting, the manufacturer paid me a personal call.

"We have made scarcely a single stride toward getting new dealers. It looks now as though our dealer organization would not even make the increase that occurred last year," the manufacturer told the writer. "Now, if you can demonstrate to me the faults of my salesmen, you will earn my everlasting gratitude."

This concern was wasting one of the most valuable of advertising forces—its value in stocking new dealers.

True, the advertising was serving its primary purpose of selling goods to the consumer—but apparently one potent feature, its ability to get the goods on new dealers' shelves, was being overlooked either by the organization or by the salesmen themselves.

That was the analysis of the situation.

In this connection the inferential remark of the salesman flashed across my mind.

### The First Step Toward the Solution.

"In my personal opinion," I told the manufacturer, "your sales and advertising departments are not welded into a single unit. Your advertising and personal salesmanship, apparently, are not securely linked. The advertising copy and your salesmen's solicitation, I judge from what I heard, are not united when visiting prospective dealers."



### *Hidden Causes of Reckless Advertising Waste*

"That is my view. Now let's prove it, right or wrong." We visited two prospective dealers that the manufacturer knew his salesmen were calling upon.

We found they had had no announcements of the forthcoming advertising campaign. The salesman had not discussed it when he called. The dealers said they had noticed previous advertising, had had "one or two calls" for the textile, but hadn't thought much about putting it in stock.

Surely this demonstrated a serious waste. The dealers were uneducated on the advertising. They knew the goods were reliable, but were not sure as to how they would sell.

I summed the matter up to the manufacturer, laid especial weight on the inferential remarks made by the salesman, told how the advertising manager had gone ahead on the "sample" proposition, noted above, without discussing its value with the salesmanager or anyone else.

"Now look here—let's be plain. Both your salesmanager and advertising manager are ambitious men—anxious to boost the house's sales. And they are just as anxious to have proper credit awarded for those sales," I ventured.

"In that endeavor they have overstepped each other. There is friction between them. Serious friction. To the extent that your dealer organization today should be at least 25 per cent greater than it was thirteen months ago. Whereas, it has made scarcely any progress at all.

"This friction has reached a point where there is an internal feud in the organization upon which you depend for the sale of your goods."

#### *Preparing for a New Order of Things.*

"And as a result of this feud," I told the manufacturer, "your two departments are working at conflicting angles.

"Your sales department, apparently, has not permitted your advertising department to send suitable literature—telling of your selling efforts—to prospects.

"They are not co-operating. There is no harmony. And you've simply got to pull together. The advertising copy

### *Chapter IV: The Internal Feud*

in publications has automatically sent the consumer to buy the goods. But the consumer has found those goods only on the counter of your old dealers. You've lost a big volume of sales."

The truth dawned upon the manufacturer. He was so close to his own organization that he had been unable to observe the internal feud that slowly developed between two ambitious men.

Returning to the factory he hunted for an appropriate means of putting an end to the friction.

He invited the sales and advertising managers to dine with him at his home. Then he told them bluntly the difficulty and laid down his suggestion for a solution. He held forth the prospect of interests in the business for both, providing sales passed a certain point for that year.

"If we are to do that amount of business," the president said, "there must be some of the slickest team work between the advertising and sales departments that both you men are capable of."

#### *New Line of Development Planned.*

The president refused to listen to stories of certain conditions. "We've wiped those off the books," he warned. "Now let's get down to business."

Right then and there a new order of things was planned out. A complete advertising service for dealers was formulated. Dealer literature was to go out to prospects at regular intervals. Folders of the advertising were to be carried by every salesman and were to form the opening wedge of solicitations.

The talk on goods was to connect up with the consumer-copy, thus enhancing the significance of the selling argument presented by salesmen to the dealers.

The salesmanager was to make suggestions for the consumer advertising. The advertising manager was to co-operate with the salesmen and with the salesmanager.

The manufacturer completely revised the house's selling policy in addressing the retail merchant—and with that

revision came the end of the senseless advertising waste as well as the equally senseless internal friction.

### **Salesmen Preach New Doctrines.**

Most of this concern's business was done within a radius of 500 miles of the factory. Telegrams called the salesmen back to the house for a week-end meeting.

The new policies were laid down by the president of the concern. The salesmanager had a new typewritten skeleton of solicitation, which embraced the ideas set forth by the manufacturer, advertising manager and himself. These were read to the salesmen—stress laid on each point—and each man was given a copy of the talk to thoroughly digest.

Then the new order of things commenced to operate.

Plans of the advertising and sales department dovetailed perfectly.

Each went the limit toward the mutual goal—orders.

The old enmity was forgotten.

### **Result of the Season's Work.**

At the end of the consumer selling season, the president of the textile house drew a trial balance to confirm his assumption that the harmony idea was paying him a profit.

With exactly the same advertising investment of the year previous he had added 18 per cent to his dealer organization.

The total sales of goods showed an increase of approximately \$150,000 over the gross volume of business of the year previous.

### **Resistance in the Shipping Department**

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**A** LARGE mail-order institution had been enjoying the pleasurable condition of having 96 per cent of its sales stick.

That is only 4 per cent of all customers to whom sales were made took advantage of the money-back guarantee that forms one of the policies of every mail-order house.

One day last winter a sales sheet for the second preceding month was drawn and it was found that there was an 11 per cent difference between the gross sales and the number of sales that were made to stick.

The balance showed that only 89 per cent of the goods were staying sold—a truly alarming state of affairs.

The usual means of remedying a drop in the percentage of sales that stuck was a gingering up of "claim correspondents" and a shake-up in the advertising department, for there the letters were written that preceded C. O. D. orders and which were calculated to make the recipient receive the goods and pay the transportation companies for them.

Another month passed and in the course of events the sales sheet reached the head of the concern.

*It showed another drop of 2 per cent, bringing the volume of returned goods up to 13 per cent of the gross sales, which ran up into millions of dollars each year.*

*This situation called for quick, concerted action.*

### **Conditions in the Mail-Order Business.**

There are a number of pertinent facts to be remembered in connection with the conduct of a direct-selling business.

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### *Hidden Causes of Reckless Advertising Waste*

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In the first place the average ratio of sales to inquiries is about 15 per cent. Selling expense with houses disposing of general lines of merchandise is authoritatively placed in the neighborhood of 20 per cent.

It is a generally recognized fact in the mail-order business that it is dangerous to attempt to sell individual lines of merchandise, the cost price of which is more than one-third the selling price.

That is one of the axioms of most mail-order institutions, I believe, in individual lines.

The expense of selling must be constantly watched. In some mail-order businesses, with which I am familiar, there is general shake-up in selling departments whenever the ratio of sales to inquiries falls below a certain mark, for then the danger mark is being approached. All this necessitates the careful watching of experts.

But in most mail-order institutions that have come under my observation, returned goods are rarely a serious condition. In specialized lines you will find the returns as low as one-half of 1 per cent, rarely exceeding 2 per cent.

These are the general conditions in direct-selling and are important in connection with the danger faced by the institution told of in this article.

#### **Hunt for Clue to the Mystery.**

A careful investigation of the returned goods for an entire week was made by the president himself, day by day. He found nothing to give him a clue to the case.

The goods were in fair condition, even after the double journey.

This demonstrated that a peculiar situation existed somewhere.

It was at this point that the writer entered into the mystery—for by that time the problem was nothing short of a deep mystery to the men whose money had been sunk in the business.

One afternoon the president went over the entire proposition with me in every detail. We inspected returned

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### *Chapter V: Resistance in the Shipping Department*

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goods. We went over the correspondence. We carefully analyzed the letters that were calculated to make sales stick. Not a single detail that might furnish a clue was overlooked.

We decided to carry the case back to the consumers who had returned the goods.

Two hundred names were selected at random. A carefully-prepared form letter, enclosing a stamped return envelope, was mailed to the 200 apparently dissatisfied customers.

It went into detail in an effort to get a detailed explanation from the ex-customer as to why he or she had so emphatically insisted on the return of their money on the grounds that the goods were not up to standard.

The letter was very courteous. It frankly stated that for the good of the business a candid answer was desired. Explicit instruction was given the party addressed as to just what points were wanted.

The same evening I hit upon an idea for getting the meat of the subject by writing a dozen letters from my home, for I live in a suburb adjoining a farming community and my postoffice address could easily be mistaken for that of a buyer of mail-order articles.

#### **Business Detective Sends Letter.**

I asked these people who had returned goods what sort of a house they believed the mail-order institution to be. Would they advise me to buy furniture there? If they had ever bought from them, what kind of goods had they received? Did they have any difficulty in getting refunds, if they were ever dissatisfied? A stamp was enclosed for reply.

A week went by before we began to get any considerable quantity of answers to either letter.

But there was little encouragement toward a solution in the missives that returned. The hue and cry in those replying to the mail-order house's letter was generally about as follows:



### *Hidden Causes of Reckless Advertising Waste*

*"You didn't do as you represented in your catalog. The articles I got were nothing like the way they were represented in the catalog. So I sent them back, because I was disappointed in not getting what I expected."*

To my personal letter the replies echoed antagonism toward the institution. Each reply stated that lately the former customer had had occasion to return certain articles that were not as represented in the catalog.

But one epistle in particular gave a specific avenue for investigation.

It said in part: "Why, I got a rug from that firm some time ago and even when I got it at the railroad station it wasn't fit to take home."

#### **Goes Into Rural Districts.**

Summing up the returns from the letters, we found they were only general in their answers—but the anger of every one of them had not calmed down any. There was a vein of antagonism running through every letter.

So it became necessary to probe even deeper beneath the surface of things to unearth and remedy the difficulty, for there surely was a bad condition that nothing but a thorough, persistent investigation would reveal, apparently.

In other instances I had almost invariably found the snag by going straight to the consumer or dealer. In this instance the president of the house suggested that I actually call on these mail-order buyers and get the answer first hand.

I appreciated the fact that I would be traveling the lines of hardest resistance if I tried to get further information from those who had returned goods. The thought struck me that it would be a good idea to be on the ground at the psychological moment when the mail-order buyer makes a decision in favor of or against the goods.

This mode of procedure might yield some valuable doctrine that the institution could incorporate in its system of making sales stick. From the order department

### *Chapter V: Resistance in the Shipping Department*

I received a duplicate of an order for a stove that was going through the house for a party in a town about 75 miles distant.

It was a C. O. D. order. The second morning after I boarded a train for the town to which this order was being sent, I told the station agent to notify me when the shipment arrived. It did not arrive that day. Nor the day following.

The afternoon of the following day I called the mail-order house on the long distance.

*I was informed that the order had not been packed for shipment yet. It would probably arrive three days later, I was told.*

Disgusted somewhat I boarded a train for home. Three days later I was again in the small town depot awaiting the shipment.

#### **Mail-Order Buyer Is Angry.**

It had not yet arrived and did not put in an appearance that day. Nor the next.

*On both days the farmer who had ordered the stove had driven into town from his place three miles away and had asked about his order. He was angry when he found it had not arrived by the time of his latest visit. A local dealer could have sold him a stove, then, without any difficulty and could have killed the mail-order house's sale.*

Six days later—two weeks from the date of order—the shipment arrived.

The farmer, having been notified of the arrival of the shipment, drove up the morning following.

I inquired as to whether he had had a letter from the mail-order house. I gleaned that he had read the follow-up letter, the one aimed to make the sale stick, ten days previous to the shipment's arrival. This letter should have reached him not earlier than one day ago.

The stove was crated and two of the boards had torn loose. Several of the stove's parts were loose in the bot-

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### *Hidden Causes of Reckless Advertising Waste*

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tom of the crate. In addition the farmer was mad clear through at the delay.

The impulse that made him order the stove had cooled. It made him madder than ever when the freight agent presented him the bill for the stove for payment. "I'm going to buy a stove at Blank's, in town," he said.

*He refused to accept the merchandise—and the sale was lost. It had failed to stick.*

#### **Other Losses Confirm Belief.**

I will not carry you through the dozen similar incidents that I encountered in a month's investigation for the mail-order merchandise house.

Suffice it to say that in every case but two, these sales could have been saved if the goods had been packed neatly and had reached the customer when he was in somewhat of the mood that prompted the mailing of the order. He had grown "cold" on the proposition.

*The investigation revealed that the 9 per cent increase of return goods was the fault of the shipping system. Careful inspection of the shipping department showed an inadequate force in charge. This had resulted in the entire outfit being fully a week behind in shipments—the lapse of time completely destroyed the impulse that resulted in orders. The rapid growth of the business had swamped the shipping department, which, being apparently unimportant, had little attention, and had not been expanded in proper ratio. A foreman, trying to hold down expenses, was allowing shipments to go out two weeks late—this was the cause of lost sales.*

*The letter that was sent out to make sales stick in some cases arrived two weeks too soon to have the least bearing on the contact between the purchaser and his purchase.*

#### **Shipping Force Made Larger.**

A lengthy report of the cause of the trouble and my suggestions for its remedy was presented to the president of the mail-order institution coincident with his receipt of

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### *Chapter V: Resistance in the Shipping Department*

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the tabloid sales report for that month, showing returned goods to be 14 per cent—an increase over the previous month.

The head of the business took little time in making the necessary changes.

An entire revolution of shipping methods took place, the new regime going into effect almost at an hour's notice.

The following day a force 50 per cent larger was working in that department.

An absolute, unbreakable rule that orders received in the shipping department on any day were to go out the same day if it was necessary to double the force to accomplish the feat.

The head of the department was given charge of the mailing of the C. O. D. letters. They were to be mailed the day the shipment left.

#### **Returned Goods Begin to Reduce.**

Before a week had passed there was a noticeable reduction in the number of sales that failed to stick.

*The sales report by the end of the month showed the returned goods to be 7 per cent—half the amount of the previous month.*

*The next month's slate showed the arrival at the healthy figure of 4 per cent.*

*Since then, the president tells me, the perfection of shipping methods and conception of ways to give the merchandise a good introduction to the customer on arrival have reduced losses of sales to 3½ per cent.*

Each one of this concern's customers had been secured at a certain advertising cost. Then whenever a sale was lost that amount of money must be charged off as a waste of the advertising fund expended in securing the business of that customer.

In some lines of merchandise, sold direct by mail, the cost of each customer's initial order—which is the cost of getting that customer—is several times the amount of the average order.

### *Hidden Causes of Reckless Advertising Waste*

I am informed that the institution whose story is told above pays \$11 for advertising cost for each initial sale. The seriousness of the advertising waste entailed by lost sales was quickly realized when the percentage of returned goods passed the healthy average of 4 per cent—as it did in the incident I have related.

#### *The Case of a Sales Agency.*

A New York sales agency had added a new article to its line.

To save double transportation charges, arrangements were made to ship it to buyers from the manufacturer's factory a few hundred miles away, for the article was to be sold by mail to individuals of the small towns and rural communities of the country.

Advertisements were inserted in a number of good mail-order publications and inquiries came fast. Catalogs and follow-up letters were dispatched to the inquirers and orders commenced to come in.

The machines were shipped from the manufacturer's plant to the buyers.

The selling plan was to offer an agency to the first buyer in each community.

At least two sales were necessary to show a profit on each man to whom the agency was given.

This was a condition on which the New York sales agency had figured in opening its campaign—no less than two orders must come from each individual to whom the agency was given. For the profit on the line was not large, owing to the fact that the selling end of the business was acting in the capacity of jobber.

A short time after the first few machines had been shipped there came a demand for this part and that, which the buyers insisted did not accompany original shipment.

According to the sales agency there were complaints from fully 75 per cent of the buyers. This necessitated clerical work, considerable correspondence with the factory and the loss of valuable time.

### *Chapter V: Resistance in the Shipping Department*

It was found that the consequent waiting before the buyer could make use of the machine destroyed the desire of each newly-appointed agent to get out and make sales on receipt of the product.

*Thus only approximately 25 per cent of those sold the first month furnished repeat orders. The first enthusiasm of the remaining 75 per cent toward the machine was gone when the shipment was received. It looked to them like a misrepresentation—their letters echoed this fact.*

#### *Careless Employees the Cause.*

Hence buyers were solely intent on getting justice for themselves—they were not likely to help a far-away house sell goods when it held back parts for which they had paid in advance. This was the attitude they assumed when writing about the missing parts, for the distance between the customers and the sellers—with the former's money deposited with the latter—seemed to cause some alarm.

It had become a serious matter with the sales agency that depended on the "repeat" sale for its ultimate profit.

Consequently a visit was paid to the factory and complaint was made in person. The New Yorker was taken to the factory's shipping rooms by the manufacturer. There several shipments were being crated for the New York sales agency.

Together the pair ripped the crates from off half a dozen machines and proceeded to locate the parts of the machine that were shipped separate from the body.

*In three of the six shipments there were from one to four parts missing.*

*Investigation developed the fact that carelessness on the part of employees and absolute lack of system in transporting parts from one department to another was responsible for the condition.*

#### *The Remedy—A Systematic Method.*

The manufacturer, finding these chaotic conditions that he had no idea existed, established a systematic checking system.

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### *Hidden Causes of Reckless Advertising Waste*

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Before the last boards were nailed up—preparatory to shipping each machine—a checker counted the parts in each shipment. On his sheet, when a shipment was correct, he scratched out the shipment number. When a crate was not complete it was hauled aside for the additional parts.

Previously the checking of shipments was a mental task left to the man who packed the crate. When he had packed a dozen or more he entered the number on a slip and let it go at that.

The remedy of this snag immediately resulted in completely satisfied buyers—and resulted in the profit-making re-orders upon which the sales agency had counted to make its advertising worth the effort.

#### **Too Little Attention to Shipping.**

You will find that the average manufacturer, wrapped up either in the solution of manufacturing or selling problems, pays too little attention to the vitally important item of shipping.

With the order safe in the house, it is too often the case that the sales manager or the manufacturer will consider the whole business effort at an end.

Apparently some of them forget that one phase of selling is to make goods stay sold. The method of packing, the speed in getting shipments on their way, the quick adjustment of losses in shipment and other seemingly trivial details have a big psychological value in dealing with buyers.

An advertising man, spending a week in the shipping department of any concern, will find a hundred and one effective ways of giving the goods a respectable introduction to customers.

And there are a myriad of other fine points that the conscientious advertising man will discover—but those are matters that an investigation of conditions in your own institution can best develop.

You will make that investigation, if this article has achieved the purpose for which it was written.

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## CHAPTER VI

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### **Missing the Straight Path to the Market**

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**H**ERE is a startling selling story from the business history of a great national advertiser.

You know the house—it has been the subject of complimentary discussions in several advertising trade journals many, many times. Today the house is affluent, making barrels of money from its successful advertising of several of its best products.

The facts I will set down here are amazing in themselves, but they would be a hundred times more astounding were the name known, for a lot of mythical assumptions—taken-for-granted theories, would be wrecked. I tell you this to impress you with the importance of the theme. A gentleman's agreement forbids giving names, for my connection with this house was in a confidential capacity.

But the avoidance of the snags on which this concern was all but ruined in its early advertising days, constitutes a vital lesson in business. I hope they may furnish you who are reading these words a short-cut past such difficulties.

#### **The Advertising Departure.**

This manufacturer had been going along nicely for several years, making and selling a small line of articles. His outlet was dealers in many sections of the country. Probably about 2,000 retail merchants had his goods on their counters. He had a sales organization of about a dozen men who were getting additional dealers each year, and who were helping the dealers sell the product as best they could.

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### *Hidden Causes of Reckless Advertising Waste*

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Business was increasing—not very fast, but progress was healthy. Each year showed a slight profit increase over the preceding year.

Most of the profit was turned into a reserve fund the concern had established, with a view to some day effecting an expansion.

The line was one of high class and it commanded the respect of the dealers and those of their customers who could afford the articles which were high in price.

The time had come when the reserve fund had slowly mounted to a figure that made expansion a safe proposition. So the manufacturer and his aids sought ways to effect it. They decided to go to the consumer and help their dealers sell more goods by advertising.

The sales-force received news of the advertising departure at their annual convention. Five more men were to be added to the selling force and the country was redistricted with this end in view. The idea was to work each territory more thoroughly.

The matter of "where to advertise" was put up to the salesmen, the salesman, heads of departments, directors and the president.

#### *The Suggestions Are Sifted.*

Each salesman and each officer held an opinion of his own. Some were in favor of booklets for the dealer to give his customers, some favored placing copy in magazines whose editorial viewpoints they liked, some favored bill posting, others newspapers, and so on.

The salesman, who had strong views on advertising, favored newspapers because of their direct influence on the local merchant. He knew that such influence would bring more dealers, he was confident it would win the consumer too.

Salesmanlike, he set forth glowingly the advantages of having a salesman call upon Merchant Jones after Jones had just finished reading their local ad in his local daily.

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### *Chapter VI: Missing the Straight Path to the Market*

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Sifting down the suggestions, it was decided to take on the newspapers. The house had firm convictions that the newspaper ideally answered their proposition. "Later," the president said, "we will do other advertising. But this one thing we will stick to—we will always use localized advertising."

Then an advertising agent was called in. He was told of the decision. He attempted to oppose it and he gave his reasons. But the effort was without avail.

In due time copy appeared in newspapers in cities and towns where the company had decided they wanted to sell more goods.

The reserve fund and a goodly portion of the prospective profit accruing from the campaign had been converted into the advertising appropriation.

The idea worked splendidly. Dealers were added on the strength of the newspaper advertising and they gave the salesmen good orders. The organization was elated at the success of the experiment. Already there was profit in sight.

The concern found when the season for selling the dealer was over that it had two dealers for every one that was on its books the year previous.

This was the situation when the next annual meeting of the salesmen was held. Everyone was happy. The advertising campaign was voted the greatest step the business had ever taken.

#### *The Salesmen's Return Visit.*

Every salesman left for his territory with the certain belief that he would do a much bigger business than ever before with his dealers, for the selling force was primed to get dealers to order heavier for the following year.

The line of articles appealed to a high class of patronage and this fact, with the advertising, gave them prestige.

Within a few weeks a few straggling orders came from the salesmen. Then a few more during the month following. Finally the orders stopped abruptly.



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### *Hidden Causes of Reckless Advertising Waste*

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The manufacturer, who two months back had been highly elated, was alarmed at the situation. The salesmen had not paid their salaries and expenses in the orders they sent in. With the budget of the year's expense before him on his desk, the manufacturer could only picture a loss that actually meant ruin to the business.

The entire reserve fund—now larger than the year before—would be wiped out, and there was not enough incoming business to add to it to pay salaries and running expenses.

The salesmen's explanation was that "dealers weren't buying as heavily this year. They had some stock on hand. But they're still strong for us. Nobody else is getting our business."

The first thing the manufacturer did was to prune down the expense list. The advertising first came into his mind. He wired cancellations on every line. He shut down the factory two days a week, that being a standing order until further notice.

Then a stiff letter went forward to each salesman, laying the situation before them. They were told not to leave any town until they had sold at least one new dealer. They were told to "fight like h—l for business," and not to give up until they got it. They were told they couldn't talk advertising any more, because there wasn't any.

#### **Worked His Credit Hard.**

Then the president went out and worked his credit hard with his bankers.

The net of it was that at the end of the year the business pulled through fairly well as a result of jolting the salesmen into getting new dealers.

The manufacturer paid off his indebtedness and found himself with a small reserve fund from the scant profits of the year.

When he had time to get his breath again he discovered that the difficulty was that the old dealers hadn't sold the

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### *Chapter VI: Missing the Straight Path to the Market*

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goods they bought from him the year previous. Hence they wouldn't re-order.

He checked up the sales to old dealers during the salesmen's latest trips, against the previous year's advertising appropriation, for that should safely show the goods the advertising sold the year before, for dealers would re-order in proportion.

*The sales were scarcely \$30,000. The advertising appropriation had been \$65,000. The advertising campaign had been an utter failure. The concern's usual volume of business before advertising was about \$500,000. The year they started advertising they had stocked dealers heavily on the strength of the publicity. But the advertising had failed to move the goods, as expected, so the dealers wouldn't re-order a year later. With the result that the business slumped way below the usual volume.*

Ruin had stared the house in the face. It was the worst period of their career. They were mighty thankful to be able to pull through as they did.

#### **"Why Did Our Advertising Fail?"**

The concern religiously shunned advertising for several years. A mutual friend introduced this manufacturer to the writer some years ago and I became interested in his business experiences. I consented to make an investigation with a view to ascertaining methods that would succeed for him, for he still was keen to expand, but insisted on knowing his ground before undertaking any advertising.

He wanted to know why he had failed. That was the question my investigation must answer.

The writer took into consideration the fact that this line of articles appealed to a high class of people; that the dealer organization, even though it had grown, was still scattered all over the country.

Then I took one territory with a view to learning why the consumer had not purchased in proportion to the selling effort extended.

Was the copy wrong? Did it fail to meet local conditions? Was the plan inadequate? Were dealers holding back? Were the newspapers reaching the right people? Was competition breaking in? Was the product wrong?

Those questions I must answer.

First I visited a number of dealers who sold the product. They had the most profound respect for it and stated they recommended it whenever possible. Then I went to dealers who were not handling this product. While they had never purchased from the manufacturer they could find no fault with his goods.

One dealer, who had a keen grasp of his local situation, gave me a clue in the statement that naturally only a certain class could afford this line of goods, for they were of extraordinary quality and hence high in price.

This suggested ascertaining the percentage of people who could afford the goods. I visited 100 homes at random in that town.

Only 11 of those homes were legitimate prospects. The same investigation was repeated in a dozen other towns until a safe average was established.

*To my surprise I found that only 9% to 14%, according to the territory's wealth, were actual prospects. The average showed 11½%.*

### **The Snag That Wrecked the Campaign.**

The manufacturer had concentrated on each territory with newspaper circulation. But he had used the papers that went to the better class of people, I noticed.

I persuaded publishers to allow me to go over their subscription lists.

*Among the better class of papers there was, as exactly as could be ascertained, only about 21% of their circulation that went to actual prospects who were useful to this manufacturer. There was the rock on which the concern's advertising venture had been wrecked. Concentration was disastrous, for this advertiser had to pay \$5 for every \$1 worth of selling force. His profit on the line made that*

*ratio prohibitive. It was an impossible commercial equation. The net of his failure was that his advertising cost him five times as much as sound methods would allow.*

The morning after I had made this discovery, I had a crew of high-grade canvassers visit the majority of the first-class homes in that town—the homes where this manufacturer could sell his goods at a profit.

Each canvasser was provided with a card bearing these printed questions:

*Have you ever bought this class of goods?*

*At about what price?*

*What newspapers do you read?*

*What magazines do you subscribe for?*

*What magazines do you buy from time to time on news-stands?*

*What weekly publications do you read?*

The operation was repeated in widely varied communities. We wanted to establish a good, safe average. Then we knew we could not go wrong.

The canvassers were instructed to handle their duties in a gentlemanly manner and to explain that the material was being secured on behalf of a reputable manufacturer. They were instructed to ask to see the lady of the house in every case. And in the majority of cases they secured interviews of from two to five minutes, which gave them time to collect the necessary facts.

When almost 10,000 consumers had been visited, I returned to the manufacturer with the findings.

*The investigation showed the manufacturer that at one-seventh the cost of his disastrous campaign he could reach the class he wanted through high-grade monthly and weekly magazines. He could concentrate with profitable, almost wasteless circulation. At one-seventh the cost he could reach the same people—and the life of his advertisement increased from two weeks to a month. His scattered distribution dovetailed with this class of circulation.*

*He had blindly missed the straight path to the natural market in his first campaign. That accounted for his failure.*

### Decides on New Expansion Plan.

The findings demonstrated thoroughly the path to this maker's market. It was high-class magazines that went into the 11½% homes—this with due regard to the dependability of the newspapers—and to the great principle of concentration.

With the seat of the trouble unearthed the house became enthusiastic to expand. This time the board of directors had exact data to govern them. The 10,000 cards gave them a prearranged list of publications that they knew in advance reached their logical prospects.

Virile, well-illustrated copy was prepared, and an impressive dealer's circular sent out. The salesmen talked the new advertising campaign and found the dealers responded well—each bought a little heavier than he had bought the year previous.

A series of strong letters went out to dealers constantly, telling how they could make use of the advertising when it ran—how they could center its productivity on their stores—how they could notify the very finest class of homes in their vicinity that they carried the goods that were advertised in the magazines that reached these homes.

Advance proofs of the advertisements were sent out to retail merchants and they were told the advantages of hanging the proofs in the vicinity of the store where these goods were on sale.

They were urged to grasp the prestige that would accrue to their stores by mentioning the goods in their local newspaper advertising. An advertising service was placed at the dealer's service—all work was done for him gratis. All he had to do was to make known his wants.

The advertising copy for the magazines endeavored to send the consumer to the dealer, and in addition, asked for an inquiry for a striking booklet covering this class of goods. The consumer was also asked to give the dealer's name. The dealer was to be notified of the inquiry immediately, and was to 'phone the consumer that he had the goods wanted.

The advertising expenditure, instead of the \$65,000 expended in the concentrated campaign, was \$30,000.

### Results of the New Campaign.

From the start the new campaign, built on the previous experience and the results of the investigation, was a striking success.

Its effect was strongly felt within a month from the date the first copy appeared in magazines.

Then came the salesmen's convention at the end of that fiscal year. When the salesmen had finished making the round of their dealers the season following, the manufacturer checked up on the increase his advertising had effected in the same manner that he had recorded his loss in the disastrous period several years back.

*The \$30,000 advertising expenditure had brought about an increase of more than \$125,000 business, bringing the volume for the preceding year up to approximately \$1,000,000—the greatest year the institution had ever had. The house had hit the straight path to its natural market, a fact backed up by the year's success. The choice of correct media had marked the turning point in the business.*

For a number of years, with an advertising increase each year, the business kept on growing at the same pace.

Dealers were added at a healthy rate. The high grade magazines had secured adequate distribution, also, in addition to selling the goods at a profit.

Today this manufacturer is no longer in the thin-spread distribution class, and he has a plan for using newspapers in a co-operative way with his dealers which will give him concentration backed up by the great magazines.

His success or failure lay in choice of media. He had found the correct media for his conditions and business.

And in his experience lies a short-cut to success that no manufacturer who expects to expand, or is expanding, dares to overlook.



### Importance of Correct Media.

It has been said that the study of media is of as great importance—perhaps more importance—than the study of correct copy methods.

That statement is logical, too, for firing at the wrong market with hard-earned money is a quick route to disaster.

No article can sell by advertising if its story is told to a class of people who are not in the market for it. Neither can you sell to a market in which the percentage of your prospects is small—the cost of the effort in finding your prospects is ruinous to profits.

Sometimes a manufacturer, with thorough distribution and a big sale, finds there is a small class he is not reaching. He may have to buy 90% waste circulation to get them. He pays a heavy premium, but the cumulative effect of advertising in other mediums will push him along to success in this venture.

I know an advertiser of a device to give one fresh air while sleeping. Because he liked mediums which were favorable to dealer propositions, he advertised his device there. He lost money from the start, but he lived in the hope that a "fresh air wave" would awaken the country to the need for his article.

He utilized magazines, a large part of the circulation of which went into towns where ruddy-cheeked folks never knew the need of fresh air. They lived in it all the time.

Finally the advertising drain was so great he had to quit advertising.

His logical medium was in the great cities, where folks are cooped up in offices all through the day—people to whom fresh air while sleeping is a vital asset.

How could he reach these office people in greatest numbers, at lowest selling cost per capita?

They are the folks who constitute the "rush hour crowds" in metropolitan street cars. The street car was the focal point of the people who need this device. There he could sell his article at a profit, when he had secured adequate distribution or allowed an exclusive agency to each city.

So today this manufacturer is awaiting the fresh-air wave that he expects to sweep this country. The point of origin of the fresh air wave—the big cities—is being overlooked.

### The Adaptability of Media.

In a word, the elemental thought in advertising is to reach the man who needs your goods.

Yet this basic principle is violated constantly, to the extent that many advertisers lose thousands upon thousands of dollars in experimenting on media that their better judgment should tell them is unfit for their use until the small quota of prospects that circulation contains is worth paying a heavy premium for.

Weigh the adaptability of media carefully. It is a vital point. You would not try to sell men's articles to women.

One advertising manager I know attempts to make a thorough investigation of at least one thousand of the circulation of every medium into which his advertisements go. He does this in various ways, but always knows exactly the worth of the space he buys.

*The adaptability of media to the product, its market and its price is worthy of as careful and searching an analysis as the subject of copy.*

*It is one of the biggest subjects in advertising today—the man who knows media has his battle more than half-won.*

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## CHAPTER VII

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### The One-Man Business

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I KNOW a business that plugged along a long time with a total yearly volume of about \$500,000 gross sales that might just as easily have been three times that amount.

The product is an excellent one, in wide demand, and sales respond readily to judicious pushing.

The advertising was adequate, considering the facilities for handling the business. The machinery of the factory, the financial end, and the bookkeeping department are fairly up-to-date.

The prospective market was several times larger than the proportion of business received. That is, it was figured that a business of three or four times the then volume *should* be available.

Many conferences were held between the managing partner and his heads of departments. But at none of these was a finger placed squarely on the *real* difficulty.

So things rubbed along in the old groove. Approximately the same volume of business was received year after year. Little if any growth was made for several years.

#### A Brief Investigation.

I was invited to lunch one day, about a year and a half ago, with the active partner of the firm. There was no special reason why he should bring up business matters, but apparently his head was full of it and it had to come out.

He wanted to *grow*. But he had lived for years so closely within his factory and sales rooms that he knew little of the outside business world. And he had not the faculty for putting into the business the steam that he longed to see there.

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## Chapter VII: The One-Man Business

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I put him through the "third degree" in response to his suggestion that I ask him any question I pleased about the business. This elicited a lead that I felt sure was the right one.

Leaving the cafe we went over to the factory.

Incidentally I had learned that the firm operated half a dozen retail stores, where they sold their own product. Also that they did a large mail order trade.

Sales were made through dealers as a preference, but where there was no dealer the product was sold direct and delivered by mail or express.

"Now make yourself at home," my friend said. "I'll be with you in a minute."

I sat down near by and kept my eyes and ears open.

On the desk was a pile of unopened mail. The head of the house proceeded to open this, take out checks and orders, pin them together, mark letters for various departments, etc.

While doing so he was interrupted every half minute by clerks, janitors, foremen, and others who had questions to ask about innumerable details.

Occasionally he would answer the telephone, either a private call from some part of the factory or from an outside source.

Two or three times he left the desk to run *up the stairs* to the next floor, or down to the basement.

I had privately consulted my watch when he began the opening of the mail. It was over an hour later when he picked up a pile of letters and orders, stamped them with a rubber stamp, and came over to where I was seated, his forehead wrinkled between the eyes in a worry frown.

"Well! Now I'm ready for you," he said. "Lord! I'm nervous and tired out these days. Don't know what's the matter with me."

"What are you going to do with those?" I asked, indicating the papers in his hand.

"Pick out the orders," was the reply. "I make it a rule to *fill every mail order personally*."

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### Hidden Causes of Reckless Advertising Waste

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"And do you open the mail?"

"Yes."

"And buy all the pencils, and sawdust, and printed matter, etc?"

"Yes."

"And sign all the checks? And write all the advertising? And dictate most of the letters? And personally direct every detail of the business from basement to garret of this entire building?"

"Yes," he answered, with real pride; "I do it all myself."

"Well," I remarked, "I guess I'm *through* with my little investigation. Let's go out for an automobile run for an hour. It will do you good. Got your car here?"

He sighed dolefully. "Wish I could, but this is our busy season and I never leave the factory until 11 at night."

"But," he added in surprise, "do you know already why I can't make the business grow larger?"

### The Answer Was Easy.

The reader will have discovered the reason long ago. Simply a case of a "one-man business."

Where the head of the house wasn't big enough, or experienced enough, or lacked sufficient confidence in his employes.

So that every pitiful little detail of what might have been a big business was cramped and confined by the physical and mental capacity of *one man*.

In this particular case I learned later that in trying to fill the numerous mail orders this man, naturally, hurried to such an extent that orders were poorly filled. It was a product where the personal element was important and time and again goods were returned by dissatisfied customers and the order was lost, and also all the other orders that would have come through personal advertising by a satisfied customer.

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### Chapter VII: The One-Man Business

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At an early opportunity I took this man aside and told him the plain truth about his business. And just *why* the sales could not possibly grow beyond the limited capacity of one man.

He was amazed. Had always rather prided himself on his close attention to detail and his personal touch with every phase of the entire factory and sales department.



Where one man tries to do everything in the house.

It was at first a great shock to his vanity and he was inclined to fear the result of delegating to others the numerous duties with which he had surrounded himself.

I finally tore his arguments to shreds by showing him how large corporations and great trade successes would be utterly impossible if this "one man" principle was attempted.

I appealed to his vanity by convincing him that it took a smarter man to *hire* good men and have them work successfully for him than it required to do the same work in person.

I showed him what would happen in the event of his death or disability. How he had built a pyramid with the point down. And what a crash would result from an accident to the "individual" point on which the whole structure of his affairs rested.

Among other things I pointed out how he was crippling his advertising investment by his inability to properly cash in and follow up the replies received.

How he would receive a much larger percentage of results if an organized and adequate system were installed, with sufficient brain power and clerk equipment to properly develop it.

And I finally prevailed upon him to organize his business on a basis of *Executive* rather than *Personal* activity.

### **The Result of Organization.**

I called on my friend again last fall.

I had not seen him for a year or more.

He was bright, cheerful, bubbling over with exuberant health and spirits.

He had time to devote a half day to a most delightful visit.

Business had increased about 30 to 40 per cent in eighteen months. His sales both through dealers and by mail were away ahead of the corresponding period the year before. And his product never had given such satisfaction to users.

His factory, accounting department, and order department were now running like well-oiled machinery. Each was in complete charge of an experienced man, at a good salary and on a profit-sharing basis over a certain volume of business.

In his own *private* office—which was a *new thing* for him—he had a flat-topped desk which was perfectly bare of papers or other miscellany on the morning I called.

"Oh, I leave that to Mr. ———," he smiled, when I asked him about certain details. "I only look after the *big* features. Sort of sit up on the seat and drive."

### **"Scientific Management."**

At the risk of using a well worn term I would call this an application of "Scientific Management."

Possibly results were unusually startling and maybe more striking than would always be the case.

But I am convinced that there are thousands of business houses running on this "one man" plan where an application of more extended *executive ability* instead of a too close and narrow attention to *detail* on the part of the *big men* of the house would work out quite as remarkably.

In this instance—as I doubt not would be true in others as well—the investment for advertising alone was made many times more productive simply because inquiries and orders were handled so much more systematically and carefully that the traceable sales far exceeded anything that had been known before.

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## CHAPTER VIII

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### The Weak Link in the Selling Chain

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I BELIEVE in submerging—as far as possible—the personality of a writer. This series of articles is, however, more or less of a straight personal affair. Hence, I may be pardoned for the intrusion of “I” into the story of these interesting investigations.

A manufacturer called on me the other day. He had been reading, with avidity, the records of the various cases on which I had been engaged. And he had, at last, he said, become convinced that I could help him.

So he jumped a fast train and came to Chicago.

I took him out to lunch (though he insisted on settling the bill, by the way) and we went into the problem.

He said he recognized the strength of my investigations, though none had quite hit the spot with him. Because he had organized his business along lines that appeared, as far as he could see, to coincide with my ideas.

His advertising was well done, through a leading agency. His sales force was ample, educated to work in harmony with the advertising and taught to make *it* their selling argument rather than to push the *goods* alone.

His shipping department was excellent. His correspondence well written and promptly handled.

Altogether he was perplexed to know why it was that results were not what he wanted or what he expected when he began advertising.

I got a full history of the business from its inception. It was evidently capably conducted, had progressed and made money. The only drawback seemed to be that the owner, after adding a modern advertising campaign to his selling plan, had failed to see the hoped-for decided upward jog in sales and profits.

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## Chapter VIII: The Weak Link in the Selling Chain

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### Personal Investigation Comes First.

It looked like a difficult problem, but I told the man that I would run out to his town and see the plant and go deeper into the affair.

This I did a few days later.

What I found bore out fully the owner's claims. The factory was commodious, modern, excellently equipped. The employees in every department were alert, bright, busy. If surface indications were any judge here was a business run right up to latest ideas of factory and selling organization.

The product is one that is called for in every home, by every housewife. It is one that can be sold to every class, rich and poor alike. It is distributed through grocery stores, grocery departments of the big city stores and through delicatessen shops and dairies.

It is put up in packages—cardboard cartons.

I dug into the record of sales, cost of advertising, list of dealers who carried the product, and methods used by the salesmen in presenting the product to dealers.

Everything looked all right. I could find no flaw in the chain of sales methods.

Then I got down to details. I had samples of the goods and the package brought to me. In fact, I opened the package myself, first noting that it was well made, well printed and of dainty design. Then we went to the testing room and I had some of the article prepared as it would be in actual use.

It was perfect. There wasn't the faintest criticism that could be made.

*Frankly, I was puzzled. Always before in my investigations I had come across, in less time than had been occupied on this case, some “lead” that gave me an inkling of the direction in which I would be most likely to find the leak.*

*But here everything was modern, efficient, good practice to the last degree.*



### Isolating the Weakness.

There was only one thing to be done now. Go to the consumer and the dealer.

The disease was *there*. No doubt of that. I had eliminated, analyzed until it could be nowhere else.

So we got an automobile at a small town a hundred miles or so distant from the factory and began a round of the retailers.

The advertising was appearing in the national magazines, national weeklies and in the local papers published in this town. Local advertising was over the manufacturer's name, however, and here I began to get my first scent of trouble. For it had not occurred to the advertising department to tell me this point.

The first store we called at was one of those clean, snappy, up-to-date establishments that impress at once. It looked like a money-maker.

The interior—floors, show-cases, counters, etc.—was immaculate. The general tint or coloring was of the usual drab or gray.

A customer was at the counter as we came into the store.

"Is there anything else, today, Mrs. ———?" we heard the salesman inquire.

"Yes!—But—I can't remember the name. I saw it advertised."

She paused with finger on lips, glancing about the store—up and down the shelves—along the counters—as if looking for inspiration.

But she failed to recall the name, and left the store.

We were speaking with the salesman when she quickly returned, smiling.

"I remembered what I wanted," she said; "it was a package of ———."

And, curious though it may appear, *she named the identical product we were investigating.*

The clerk took it from the shelf behind him.

The delicate coloring of the carton was lost in the light painted woodwork.

There was hardly one chance in a hundred that a person looking along the shelves would have noticed the package.

And there wasn't a store sign, a counter display or a window card in sight.

### Locating the Trouble.

The mystery—to my mind—was solved. Though my friend the manufacturer was even yet hardly convinced that this lack of dealer "tie up" was the weak link in the chain.

But I proved it to him later, for after a further investigation with this as a clue, we returned to the factory and blocked out a plan to remedy the evident lack of cohesion between the advertising and the dealer.

I had all the *local ads* changed to read over the *local dealers' names*. The product was on sale in several stores and later on, as fast as a store stocked it, we added the name of that store on the local advertising.

Then I planned a new carton, or package, that was strong in coloring and distinctive in design. It wasn't so delicately *pretty* as the original. And the manufacturer somewhat regretted the lack of "prettiness." But it was a choice between "sales" and "looks," and sales won.

Then I had a series of store cards, counter displays, window cards, etc., printed so that customers on entering the store were subjected to a *continuing impression* to clinch the advertising they had been reading in the magazines and local paper.

The result was simply amazing.

The advertising pulled as it never had done before. Not because there was any especial change in the copy, but because it was localized, and people began to call for samples and demonstrations, and to speak to their friends about the article.

Dealers were so pleased with the demand that the product was given a more prominent place in their store and salesmen were glad to push it on account of its easy sale.



The whole difficulty had been in the lack of a tie-up to the retailer's store. And this one weak link in an otherwise strong chain proved the old adage true once more.

The repair of the defective link was easy as soon as we located the weakness.

### Advertising Manager Pleads "Not Guilty."

"How ever did you come to overlook that vital tie-up?" I asked the advertising manager some time later.

"Overlook nothin'," he retorted. "I wanted the Board of Directors to let me plan the whole campaign, but they said selling goods was separate from advertising and I was requested to attend to my 'knitting' and not try to run the whole sales department."

Which merely emphasizes the contention of the up-to-date selling expert that the advertising and sales department are inextricably interwoven, and that a selling campaign should be so perfectly and thoroughly planned and unified that no such weakness could occur.

This I found had been the difficulty. The campaign had been planned in sections, as it were, and after each was constructed an attempt was made to fit them all together.

Naturally there were incongruities. Misfitting was inevitable.

Today a really successful selling campaign is planned well in advance of its operation. Every possible point is gone over. Able and experienced men spend days and weeks in framing it into a coherent unit.

No opportunity for any slip is allowed to exist.

### Mistakes Due to Work of Novices.

And by novice is meant any man who is not thoroughly familiar with advertising and selling.

It may well be that the principal owner, the president of the company, chairman of the board, etc., may be the one who is least capable of accurate decision on this subject. Because many a man who is a past master of factory production and finances is for that very reason not a good judge of advertising and selling methods and conditions.

Up-to-date advertising, distribution, dealer promotion and salesmanship is a specialty and has grown up within a comparatively few years. And the present condition of excess production in many lines has fostered a keenness of competition that has made necessary entirely new ways of handling it.

That is why I say that the work of planning a salesmanship or merchandising campaign should be done by professionals. That is why the judgment of the best equipped and sanest manufacturer is apt to go wrong. Unless he has been trained in the present-day selling methods and is willing to adopt present-day plans.

No competent selling campaign construction would have overlooked in the case of this manufacturer the very evident weakness of the selling plan at such a critical point as the relation of the dealer and the consumer.

Had the whole thing been laid out in advance—as a unit—including the name of the article, trade-mark, package, dealer literature, advertising, catalog (if any), etc., the builder would have produced a campaign coherent and complete in all its parts.

It is this unity of planning and completeness of preparation that have produced the marvelous mercantile successes of the past few years.

### The Day of Absolute Analysis.

If there is any one thing more than another that distinguishes the advertising "expert" of the present day, it is his habit and his capacity for absolute and intimate analysis of his problem before he touches pen or pencil or lays out a plan.

Data, data, MORE DATA, is the demand of the man who builds successful advertising.

He never can know too much of all the conditions surrounding his subject. He will get an abundance of "meat" from a half hour's conversation with a small retailer in his own store.

He will call on customers, from house to house, to find out the consumer's attitude.

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*Hidden Causes of Reckless Advertising Waste*

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And his advertising arguments will be plain, simple, every-day "talks" to buyers.

Many a big manufacturer has been disappointed, not to say disgusted, when he has examined for the first time the work of a successful builder of advertising and selling.

Because he has been led to look for "cleverness," "ingenuity," for something hypnotic and bizarre that should *compel* people to buy his product.

Such a little thing as a weak link between the dealer and the buyer, in the dealer's store, is not sufficiently full of "fireworks" to attract his attention.

And yet it is just his capacity for NOT MISSING these apparently unimportant "links" that marks the difference between *the man who can sell goods* and the man who *can't*.

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CHAPTER IX

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The Best Doctor Cheapest  
in the End

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JONES—we will call him—of, let us say, Poseytown, Indiana, is a large manufacturer. He has been very successful and has built up a considerable business without much effort.

But in late years competition arose, and he found that he not only could make no headway but that his customers were many of them dropping off to other brands of goods



"Jones" got down his scrap book and showed me proofs of the ads, etc.

practically the same, and of equal quality, as his own line.

The business has been conducted on rather old-fashioned principles and methods. Not precisely as crude as keep-

ing books on a stove-pipe with a piece of chalk; but still something on that order.

Such a thing as an advertising department was unheard of. Sales-manager there was none. System was conspicuous by its absence.

Still the proprietor is one of those natural-born merchants of the old school, shrewd, canny, and so incredulous that few can "put anything over" on him.

An immensely likable old chap is "Jones," as I found out the first time I met him.

That was one hot day last summer. I was given a letter of introduction to him by a friend of the old man's, who thought I might be able to do something for him. My letter of introduction explained why I had been sent to him.

### Business Going Behind.

"Well, Mr. Jones," I said, "what seems to be the trouble?"

The old gentleman smiled. The kind of a winning smile that gets right into your heart at once.

I could see on the instant why he had been able to hold his customers in the old days when the head of a house used to come into *personal* contact with his trade.

But personality—unfortunately—does not count for so much nowadays.

"Don't know as I'd exactly call it 'trouble,'" he replied, cheerily. "But I do hate to go behind on sales and profits in my old age. I suppose it's more a matter of pride than anything else, for I have money enough for the rest of my days. But I'd kind o' like to leave the old business in good shape.

"You see when these other houses—run by younger and more active men—got cutting in on me I concluded I'd have to fight them with more modern weapons than I had been using. So I started in on an advertising campaign.

### Tries Modern Methods.

"I started *right*, too. I went to Mr. X., who is said to be an 'expert'—fact he admits it himself. He fixed me up the finest advertising campaign I ever saw. I was in all the big national magazines, some Sunday supplements, national weeklies, best local newspapers in small towns and cities, and in a number of the leading woman's and farm papers."

"You certainly had the courage of your convictions," I commented, surprised at the scale on which the advertising had been done. "What sort of copy did you use?"

"Jones" got down his scrap books. And showed me the proofs of the ads, samples of follow-up letters, dealers' circulars, and other campaign matter.

It was *fine*. I couldn't have done it better myself. It showed clever analysis of the market, excellent type-setting, good, strong selling "punch," and on the whole I can scarcely recall ever having seen a series of selling matter that pleased me better.

### How the Salesman Worked.

"How about your salesmen?" I asked.

"Got a bunch of the best boys you ever saw. Some of them have been with me for twenty years. Others are young men of the present style of training. All of them are hustlers, good talkers, able men.

"They have distinct territories and cover them as rapidly as possible. You see there's a big field and they have to keep going to get around it all."

He explained to me how his men handled the trade, how they talked the *service idea* instead of trying to sell the *goods*. That was good practice and just the way that such a line should be handled when the advertising campaign was being pushed.

"And you say the results haven't been what you wanted?" I remarked.

"I should say *not*!" he almost shouted.

"Instead of trade increasing it's less now than it was a year ago when we started the advertising. And it keeps

dropping all the time. Other houses are getting away with our old customers. And try as we may it seems to be no avail."

Here surely was a problem for me.

But I had seen so many of these difficult things simplify rapidly when one struck the right clue that I had no fear of finally puzzling it out.

It was certainly an interesting case.

### Goods Right, Name Right, Package Right.

The goods were right, in every respect. They had quality all over them. The name was right, the package right, the shipping and order departments—such as they were—at least succeeded in making reasonably prompt deliveries. There were no *claims*; for the old man never let a customer be dissatisfied. It was credit back to account or refill order at once.

The whole staff worked so harmoniously together that it seemed like a big family rather than a business establishment.

Where then lay the snag—for snag there decidedly *was*—somewhere.

"Who is your principal competitor?" I asked, trying a new tack.

"There isn't any 'principal competitor,'" "Jones" answered. "Campbell gets our trade away from us in the middle west, Pettingill seems to be doing better in the southwest, Biggar Brothers have a better Pacific coast business, and so it goes. There isn't any *one* house that bothers us. It's one here and another there."

(These firm names, by the way, are all fictitious. I promised "Jones" that I would give no clue to this business or he wouldn't have let me write this story.)

There began to dawn on me a glimmering of the solution of the mystery.

### Where the Trouble Was Discovered.

"You're the biggest house in the line, aren't you?" I queried.

"We *were*," was the reply. "But some of these youngsters are getting ahead of me, I fear."

"Where is your best territory?"

"Middle west and southwest."

"And that's where Campbell and Pettingill are cutting in on you, isn't it?"

"Yes. They are putting in their whole effort in that territory. They don't go into the rest of the country at all—at least not energetically. They just pick up elsewhere what comes to them."

I continued the conversation along these lines and soon discovered where the trouble was.

Simply "*scatteration*" instead of "*concentration*."

Like the old fable of how the wise man broke the bunch of fagots by separating them and breaking each singly. Together they were too strong for him to make any fracture in the bundle.

"Jones," acting under the hasty advice, or deliberate ignorance of his so-called advertising "expert," had attempted with \$25,000 what should have had \$100,000.

Not but what he *might* have done well with the smaller appropriation if he had used it judiciously.

But he spread it out so *thin* that it was impossible for him to make a headway against the concentrated attacks of a different competitor in each district. *They* were putting their *whole force* against what amounted to only a skirmish line with him.

So that in spite of his excellent general publicity he was unable to get a tie-up sufficiently strong to hold his own.

His salesmen certainly covered a wide territory with great rapidity. But this very speed created hasty and slipshod work. They were more concerned in making trains and covering country than in strengthening their hold on each dealer as they came to him.

And the advertising, excellent though it was, could not furnish the last clincher that was required to hold the business.

I found in going over the replies and inquiries that while the *total* was excellent, the number from any specific locality was not sufficiently large to amount to a *mob* demand. And the few inquiries received in any specific locality did not have much effect on the local dealer.

### The Revised Campaign.

At the request of Mr. "Jones" I took hold of his selling and advertising department for a few weeks.

It was just about time to be starting a second campaign and the time was opportune.

We went very carefully over the entire United States and selected localities and states where there seemed the most need of attack or defense, and where the prospects for getting back the old dealers were most promising.

The advertising was run about as before in the national publications, big women's papers, etc., but we put on a *special campaign* in the farm papers circulating in the special states selected, and we also arranged a reciprocal lot of advertising in the local papers of the best towns in the locality.

This local paper advertising was framed up on a basis by which the manufacturer paid part and the dealer paid part. The dealer made the contracts, on the best rate possible, and the manufacturer's ads were placed *through* the dealer and over *his name*.

Then we withdrew practically all the best salesmen from other territories—temporarily—and concentrated them on the objective states where we wanted to line the business up *solidly*—so solidly that it could not get away again in a reasonable time.

After I got the plan in working order and organized a good working basis for the advertising and selling department, I left Mr. "Jones" to run the machine.

### Present Conditions.

I have just returned from a visit to the old gentleman.

He is "*d-e-l-i-g-h-t-e-d!*"

He has driven his enemy in full rout from the chosen battle-ground.

His old dealers have come back to the fold.

Consumer demand has increased to a point where his product has more permanent friends than ever before.

And now he has switched his heavy local advertising and his special salesmen to another territory, and is in the thick of another "reformation" campaign.

Already, he says, his ratio of sales promises such an increase that he will practically have regained by the end of the year all that he had lost.

In thinking the matter over he has come to the conclusion that his mistake lay in trying to save money on "doctor's fees," as he humorously called it.

"It's like paying \$10.00 to an inexperienced doctor," he said, "instead of paying \$15.00 and getting the best. I didn't save much on the fee and the prescription of the doctor who didn't know left me worse off than I was before I took his medicine."

While not agreeing entirely with "Jones," I am sure the little problem submitted to me teaches the lesson of not trying to cover too much space with a limited campaign. Either *spend enough* and *do enough* to make it *all* first grade work, or else *concentrate* on a single section, or market, until that has been put in good shape.

*Then expand.*



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## CHAPTER X

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### "Penny Wise, Pound Foolish"

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ADVERTISING don't pay," affirmed one of a group of men seated in the rotunda of a well-known hotel in a town in the Middle West, one hot afternoon last July.

I was on my way back from the investigation of an interesting case in California. It had been a simple enough problem to solve, but because of the wonderful effect its solution had had on the manufacturer, I confess I was feeling just a trifle elated over my share in producing his change of mind.

So that this bald, hoary-headed old "chestnut" fired, broadside in such an unceremonious manner roused my fighting blood on the spot.

"Then the men who spent that six hundred and some odd million dollars for advertising last year must be a pack of fools—in your opinion," I suggested.

"Well!" the man smiled—he was good-natured enough about it—"fools' isn't a nice word. And I would hardly like to use it. But I decidedly think they are mistaken. I have tried it out and I know what I am talking about."

There was no occasion to prolong the argument at that time, but I made an appointment to meet the man in his room that evening and go into the subject. It looked to me like another little problem for "Boulder."

#### Statement of the Problem.

It appeared that Mr. Brown (that isn't his *real* name, but it will serve for purposes of illustration) was a manufacturer of a certain specialty article that appealed to people in moderately well-to-do circumstances. It would likely be bought by residents of cities of a population of, say, 15,000 and upward.

He had handled it for a long time through the jobbers, manufacturing it under *their house brands*, and in no case

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## Chapter X: "Penny Wise, Pound Foolish"

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did he use an individual or distinguishing trade mark of his own.

Becoming interested in publications devoted to advertising and salesmanship, and having joined an association where there were frequent discussions of such subjects, he had decided that the thing for him to do was to establish his own trade mark, and secure the benefit of a permanent reputation for his article.

He realized that it would be a "pull" to swing the jobbers into line, and that he might have to break with some of them who would likely refuse to handle the article unless with their house brand on it.

In order to offset this danger he was advised to institute a campaign of consumer and dealer advertising exploiting the new trade mark and showing that it was *the same article* that had been sold before under various jobbers' brands.

This, he said, had been done and a year had now passed since the new method of merchandising had been installed.

And the reason for his unbelief in advertising was simply that business had fallen off, orders were not only fewer in number, but less in amount, the house had lost many of its jobber accounts had not "hooked up" well with dealers direct, and things, generally, were in a bad way.

This was the situation when I talked it over with him last July.

#### Seeking for a Clue to the Trouble.

"What do you think?" Brown asked.

"There are only two places where difficulty can arise," I replied. "In your own establishment, or in the dealer's store. Because if the dealer hammers his jobber hard enough the jobber will carry your line. And if it is to his interest to do so the dealer can very heavily influence the consumer. It is all very well and necessary to advertise to the consumer. Don't understand me that I have any idea of doing away with that."

"Yet, at the same time, it is also very necessary to be 'in right' with your dealer. Else he can—and will—use



all his large influence with the buyer against your product and in favor of some other that he will substitute.

"So my proposition is—if agreeable to you—that I take up these two sources of difficulty and see what I can find out."

From what Brown had told me it seemed to me that the probability was that the difficulty lay with the dealer end. For Brown's detailed information of his campaign appeared to show excellent planning and able management of the factory and office end of the business. His statement of the advertising indicated careful selection of mediums, convincing copy, etc., and so the dealer tie-up was evidently the weak point.

I have been fortunate in my diagnosis of the causes of advertising waste and always save a lot of time going direct to the sore spot.

I made a trip over some of Brown's average sales territory. And interviewed dealers everywhere about his goods and those of his competitors.

Among the latter I found a number of his old jobbers who had tied up with other manufacturers who were willing to manufacture unbranded goods and mark them with the jobber's name and label.

Some dealers told me one thing; some another. But by putting them all together I managed to arrive at a pretty fair decision about the situation as far as the dealers were concerned.

Brown's goods were acknowledged to be the best on the market. Even jobbers' department managers on whom I called, admitted this, under a sort of veiled system of interrogation that I used.

Practically all of the jobbers told me they had no objection to handling Brown's goods under his own trade mark, if the dealer was satisfied to place as large orders for them under the new brand as he did when they carried the jobber's house label.

But they said the trouble was that people did not know them, and that the dealer could not move them as rapidly as he had done before.

This seemed to indicate a lack in the consumer advertising somewhere.

### Dealers Complain of Change in Price.

The dealers agreed to this to a certain extent. But they had another excuse for not pushing the goods.

Most of them claimed that they could not make as good a profit from the Brown goods as they did from the jobber brands.

This puzzled me, as I could not see *why* there should be any difference of this kind merely on account of the change of trade mark or name.



I very soon discovered, however, that the price *was not* the same.

The *selling price* was unchanged, but Brown had reduced his discounts to jobbers so as to partially reimburse himself for his advertising outlay.

It was not much, very little, in fact, and it could not possibly have covered his *entire* advertising expenditure if he had carried this out on anything like the plan outlined to me.

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*Hidden Causes of Reckless Advertising Waste*

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Yet little as the increase of price was, it proved sufficient to antagonize the dealers and they, as with one consent, had suppressed the goods, knifed the advertising and reduced their orders to jobbers.

"But," I argued, in talking with one of the dealers, a most intelligent and fair-minded young fellow who was a "live wire" if I ever saw one, "if Brown's goods are advertised, and the other brands are not, why cannot you sell enough greater volume of the Brown brand to *more* than offset any slight difference in price?"

The dealer smiled. Then took me over to his desk and pulled out several copies of National publications, metropolitan dailies, and his local papers.

"Find the wonderful advertising of Brown's brand!" he invited me.

And I did. But only after infinite trouble, and with the clue to the problem growing ever plainer before me.

**Back to Mr. Brown in His Own Office.**

Then, having found out all that I needed from the jobber and the dealer, I harked back to Mr. Brown in his own office.

"Mr. Brown," I said, "I want permission to wander all over this plant of yours and poke my nose into everything except the cost accounting and the profit and loss ledger. Absolutely in confidence."

"Go ahead," he replied.

I sat down in a chair where I could command a good view of the office and proceeded to use my eyes.

A young man got up from a nearby desk, walked the length of the office, then turned, walked back, snapped off the electric light and retraced his steps. In a few minutes he came back, snapped on the light and resumed his work.

A stenographer at another desk broke the leads of all her pencils, then stopped in the middle of a letter to sharpen two or three of them. Meanwhile the man who was dictating looked out of the window.

The boy who opened mail, after clipping open the envelopes and removing the letters went over all the envelopes

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*Chapter X: "Penny Wise, Pound Foolish"*

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again, cut them open, laid them flat, then piled them under a paper weight.

"What's that for sonny?" I asked.

"Use 'em for scratch paper," he grinned. "Saves buying scratch pads."

I got up and strolled over to the desk of the young man who had snapped out the electric lights every time he left his desk.

"Why do you do that?" I questioned.

"Saves electric light. That's orders."

"Don't you take up a good deal of time doing it, and don't the sockets wear out?"

"Yes, it takes time all right, and we *do* have a lot of repair men here. Good thing, though. Saves money!"

Brown came through the office while I was standing at the young man's desk.

He smiled as he saw me, stooped to the floor, picked up a pin, carried it across to a desk, put it in a glass pinholder and came back to me again.

"Your're not working very hard," he said, jokingly.

"Sometimes the horse with the finest action in the front legs doesn't cover the ground as fast as the one that trots quietly," I retorted. "I'm *not* working very hard, but I'm *accomplishing* more at this minute than any man on the floor."

And I was.

**"Penny Wise, Pound Foolish."**

The penny is one of the smallest coins in the English currency. The pound is one of highest value. "Penny wise, pound foolish" is an old English proverb.

It means the same as to "save at the spigot and waste at the bung."

That was why Brown said "advertising don't pay."

Because he was small, narrow, penurious in his business spending.

His advertising was written by a *cheap* man, and was without the "punch" that brings business.

His space was about half the size, and his list of mediums about half the length they should have been.

His correspondence department consisted of one young man at a pine table. He *got rid* of lots of mail. Oh, yes! But his letters brought few orders.

His catalog, follow-up matter, dealer's circulars, "House Organ" (he had the nerve to call it that) and other dealer promotion stuff was simply a *joke* to a man who knew what such a business demanded.

His plan was cheap, his execution was cheap, his employees were cheap, his pencils were cheap, he spent more time picking up pins and snapping off lights, and trying to get along without buying scratch pads than all the money he *saved* in a dozen years.

He killed his trade mark plan with dealers on the first jump by trying to "save" part of the money he intended to spend for advertising by raising the price a few cents to the jobber. Who promptly raised it to the dealer.

Understand, this *principle* was all right. But he didn't handle it in the right way, and it won't always work so soon in a campaign. After a product *dominates* and there is a *mass movement* to buy it the plan has proved effective. But not on the first move for a product such as Brown manufactured.

I told Brown all this, in just about this language.

I warned him in advance not to lose his temper. Told him that I was using the surgeon's knife and that it likely would *hurt*.

### How Proper Methods Saved the Day.

Brown is all right. He took his medicine—with a wry face—but he *took it*.

Together we reorganized things. We slammed things around in that old office in great style. We didn't need to touch the factory, which was running fairly well and really turning out a fine article.

We put a corking good advertising man in there whose salary ran close to five figures. And a correspondent who could write letters that *bring business*. We boosted the price of lead pencils till we got a grade that would last. And we let the lights burn when a clerk left his desk for

five minutes. It cost less to leave them on than to turn them off.

We went over that advertising layout and we did things to it that made Brown giddy. But he was *game*!

And we framed up a campaign on the dealers and jobbers, *at the old prices* that provoked them to enthusiastic appreciation of it by return mail.

We had in all the salesmen to a dinner and we both talked to them. We put them in a frame of mind where *they* were willing to talk—and *they talked*!

They gave us more good pointers in two hours than the house had had before in two years.

And when they left, every man was so filled with ginger that you could hardly hold them in town. They wanted to get right back on their territory and beat records.

That dinner cost something—both for the bill of fare, the cigars and the traveling expenses of the men who attended it.

But I miss my guess if the first week's orders won't pay for it all.

Today Brown's order sheets are a joy to tired eyes. His office is a six-cylinder, 100 horsepower ball-bearing engine. He spends his money for advertising and promotion very judiciously—for you can't change a man's habits over night. But he spends it "like a drunken sailor," and it *comes back* faster than his cashier can rake it in.

I'd like to take you over there and show you this business—if I only dared—just to demonstrate what a "penny wise, pound foolish" policy can do, and what happens when you try the *other* method.

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## CHAPTER XI

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### Defective Cog Nearly Wrecks Great Machine

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I ADMIT that I was the "Good Samaritan," in the story that follows.

But it might just as easily have been someone else, because the difficulty was plain enough to any man with even a moderate amount of well-balanced "gray jelly" in his head.

Yet the president of the company couldn't, or wouldn't see it.

I had been traveling for several hours with a friend, a representative of a fairly well-known advertising agency. His destination was a large machinery plant, and he hailed my appearance—so he said—as most opportune. Because it was a hard nut to crack, and he feared that unaided he could not get away with the prospect.

It seemed that the man he had to deal with was a most opinionated person; one of those aggravating individuals who thinks he knows it all, and who believes that no man in the world can tell him anything.

The board of directors took no part in the detail of the factory, leaving the entire conduct of the business to this one man, the president. This in itself seemed to me as most unwise. Even a minority ownership should have had some voice in the management. But my friend told me that the president was *not* a majority stockholder, so that it was really more a matter of carelessness or indifference on the part of his business associates than it was a lack of power.

#### On the Surface the Impression Was Inspiring.

Rarely have I visited a plant where general conditions so impressed me.

The group of buildings was of great extent, large, light, and well arranged, and hundreds of men were busily engaged at lathe, forge, drill and wood-working machinery.

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## Chapter XI: Defective Cog Nearly Wrecks Great Machine

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In the large general offices scores of clerks, bookkeepers, stenographers, department managers, etc., were hard at work. Everyone seemed to be busy. Everyone had plenty of work on hand.

The desks of the order clerks were piled, deep, with pink and yellow order forms, which I was informed were rush orders from agents all over the United States.

The shipping clerk—under instructions to show me through his department—told me how they were crowded with shipments, and how more goods were going out than ever before in the history of the house.

"We're sure doing a whirlwind business," he said, in a gratified tone. "I have never known orders so good. The stockholders must be simply coining money!"

My friend smiled, meaningly, as we left the desk.

"On the contrary," he affirmed, "I honestly believe the concern is facing the worst kind of a business crash. That's where my problem lies. The advertising of this year must pull them out or they are 'dead ones.'"

It seemed that he had met, on a previous trip, the son of one of the directors, who had expressed the growing uneasiness among some of the stockholders as to the reason why, with all the apparently large business that was being done, there were no dividends.

When anyone ventured to hint this to the president, the man in charge of the business, he flew into a violent rage, abused everybody and everything in sight, and declared none of them knew anything, that he was almost a nervous wreck from worry and overwork, and this was all the thanks he got. But he failed, nevertheless, to furnish an answer to the question as to why no dividends had been forthcoming.

#### The Concern a Heavy Advertiser.

Now this business had been excellently well advertised.

It is true there were things about the copy and the mediums that could be criticized; but on the whole the advertising was such as should have been successful.

### *Hidden Causes of Reckless Advertising Waste*

As a matter of fact it *was* productive, as the order clerk's desk bore witness.

The proposition that had brought my friend to the plant was a suggestion that the advertising should be largely increased so that even more business might be done.

It was evidently the president's impression that the difficulty lay in the fact that they were not doing enough business.

He did not say so, as far as I could determine, but from our talks with him I sensed the conviction that the lack of dividends worried him more than he cared to admit.

To shorten the story, my friend got the order for the season's advertising, and then and there we went over the detail of the copy for the new campaign.

He was good enough to ask me to assist him in getting it out, and we spent several days at the hotel framing it all up.

It is needless to say that in the course of its preparation we dug into everything in the plant. Because it was readily seen that a campaign based on absolute analysis of conditions was imperatively demanded under the critical circumstances existing.

We finally concluded our work and submitted it all to the president. After some discussion and argument it was approved, also the list of proposed mediums.

### *The Hunt Begins for the Trouble Snag.*

"There are one or two points in this connection about which I would like to ask some information," I ventured. "That is, the price of the article and the quality of material, tests, etc., of one of the new parts that you added a year or so ago."

Instantly the man broke into one of his characteristic "brain storms." He abused me as much as he dared. Told me I was there as an advertising man, not as an engineer, or a factory superintendent, and that the business of an advertising man was to keep his hands off the other departments of the business.

### *Chapter XI: Defective Cog Nearly Wrecks Great Machine*

I attempted to explain to him that in the modern development of advertising *everything* connected with the business, the production, selling, etc., was *all* a part of the advertising campaign, and must be considered by any good advertising manager or advertising agent.

I *tried* to call attention to the failure of the business to pay dividends, even in view of the big sales they were mak-



"The man broke into one of his characteristic brain storms and then told me the business of an advertising man was to keep his hands off other departments."

ing, but he shut me off on *this* so short that it made my ears sore.

I soon saw that it was useless to attempt to argue with an angry man, so we left. My friend was happy because he had his prospect's name on the dotted line of his contract, but I confess I was far from satisfied with the outcome.



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### Hidden Causes of Reckless Advertising Waste

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I had an uneasy suspicion that even the new advertising, improved as it was over the previous campaigns, would fail to set the business right.

There was something deeper; some condition that was sufficient to counteract all the good the advertising could do. And, my professional instinct being aroused, I determined to find the sore spot, and if possible cure it.

#### The Appeal to the Board of Directors.

My friend had gone on his way. He is a good fellow solicitor, but he isn't what I would call a really *thorough* advertising man, because, as it seemed to me, he left with the feeling that his advertising was after all not going to make the business *pay*.

I told him so, and his reply was that it was up to the manufacturer. That *his* business was merely to write the advertising as he was told, and the organization must supply the rest.

Which, I admit, is the generally received notion of advertising.

I took the bull by the horns this time. I went to the members of the board of directors. I told them who I was, what we had done, explained the situation as well as I knew how, and put it up to them.

As far as I was concerned, I said, it was simply a case of "professional" curiosity. It meant nothing to me if the business lost money. And I had no interest, one way or another, in the president.

The upshot of it was that I went back to the factory with authority to make a clean sweep of every nook and corner of it in the endeavor to ascertain why it was that the advertising, while *apparently productive*, had failed to put the business in a paying condition.

And to ensure that the new campaign, then about to begin, should be more successful.

What the president said need not be recorded. It was the chairman of the board of directors who did the talking this time and, for once, the autocrat was humble.

Well! I went through the analyzing process, and, as is usually the case, the trouble was fairly easy to locate.

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### Chapter XI: Defective Cog Nearly Wrecks Great Machine

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Two causes, as I had suspected, were to blame for the failure to pay dividends.

One was that the factory-cost system was defective, the result being that every article of a certain kind that had been sold meant a *loss* to the company. The loss amounted to approximately \$3.00 on a sale of an article that was wholesaled at \$37.50. In other words their shipping-platform cost was \$3.00 higher than their gross receipts.

This particular article formed the bulk of their business at the time.

Profits on other articles brought the *net* loss down about one-third, but there yet showed a loss of \$2.00 on each one of approximately 20,000 to 30,000 sold, or nearly \$40,000 to \$60,000 a year.

Then there was another article where an error in the shape and material of which a certain part was composed caused numerous breakages in the hands of users and under the guarantee of the manufacturer each one of these defective articles was at once replaced with a perfect one.

I had suspected this because of the numerous returns of this particular article.

By reason of this expense, the small margin of profit on each article was wiped out, and a loss incurred instead.

It may seem incredible that such laxity in cost-accounting could exist, but I venture the assertion that there are hundreds, if not thousands, of factories where prices are made "hit or miss," as in this case, instead of being based on definite and absolutely accurate cost figures.

#### The Remedy.

Here, then, was the situation. But how remedy it?

The first thing to do was to introduce a better element of control; to curb the "one man" power that had permitted such a condition to exist.

Which was promptly done, and the really able president was given so much less work to do that he had time to devote to matters which heretofore had been left to run themselves as best they might.

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*Hidden Causes of Reckless Advertising Waste*

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The defect in material of the smaller article was readily set right, as soon as called to the board's attention, by a little adequate engineering.

But the matter of the price of the larger article was more serious.

It was widely advertised at a definite price. And the price was even *then* slightly higher than two or three competing articles of excellent value, almost as good as this one.

To increase the price was out of the question, the directors assured me.

And to reduce the quality was not to be thought of.

It being left to me, in a measure, to decide, I suggested a stroke that made the directors gasp.

*It was simply to advertise an increase of price considerably higher than was really necessary.*

In fact to make the extra profits of the next two or three years pay back the losses of the previous ones.

To make a *virtue* of its costing more than other makes.

To *feature* the *higher price* in the advertising. To make it as prominent as possible, and claim, boldly, that it was so simply because the article was so much *higher in quality* than its competitors.

It was a long time before I succeeded in getting the directors to agree to that course. And even when they had voted to remodel the season's advertising on that basis they were half inclined to back out at the last minute.

I took it as a personal compliment that the scheme finally went through. And very proud I am of the result which has just been conveyed to me in a letter from the general manager.

The twelve months' business that has passed since this all happened has been productive of wonderful things in that factory.

True, they haven't paid a dividend yet, but that has been simply because they wish first to provide for a reserve fund; and they plan to introduce also a number of betterments and improvements that the board has decided upon.

They have a committee now to hold weekly meetings at the factory and the closer touch has suggested to them many things.

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*Chapter XI: Defective Cog Nearly Wrecks Great Machine*

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The automatic cost system now in use checks itself in such a way that the occurrence of a loss of even a small margin on any article is impossible. And any item that does not show a satisfactory profit is discontinued.

Moreover the shake-up has thrown light on some other economies that have been most helpful in adding to the total of the year's profits.

My friend the advertising man confessed to me, on the occasion of the signing of another year's contract for almost twice the amount of the last, that he had fully expected that the one he closed the day we were at the factory together would be the last.

"But I figured," he explained, "that I might as well have it as anyone because the thing was going bust anyway and no amount of advertising could save it."

His difficulty was that he did not realize that advertising goes *deeper* than merely copy-writing and the selection of a list of mediums. It is intimately concerned with salesmanship and merchandising; even, as I demonstrated, with cost-accounting and engineering.

A good advertising manager, or agency, should have the ability and willingness to look deeper than the mere outer surface when undertaking the pushing of a business.

If conditions are not right they should be *put right* before a line of advertising reaches the newspapers and magazines; and before any effort is made to secure new or enlarged distribution.

A gear wheel may be never so perfect, but one defective cog may wreck the whole great machine.

If the cog of cost-accounting, or of electrical engineering (as in this case) is faulty the best advertising in the world may only operate to hasten the day of business collapse.

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## CHAPTER XII

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### Mail Order by Hit or Miss

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IN this, my last article of the present series, I design to call attention to a few of the reasons why some mail order advertising fails. I will have to treat this more collectively than I have some of my other investigations, as I am anxious to cover a number of causes of waste, and my space is limited.

#### Faulty Analysis of Circulation

A mail order business discovered that the cost of inquiries was constantly increasing, sales per inquiry continually averaged lower and average sale-value kept dropping from season to season.

The product was an article that was manufactured in several styles and at various prices. The demand was wide, some purchasers buying the better-grade article, while others—probably for price reasons—selected the cheaper grades.

Mediums used were women's papers, standard magazines, small town papers and National weeklies.

On the higher grade articles the high-class magazines and women's papers paid best.

A considerable volume of business had been built up, but at the time I became acquainted with the problem the gross sales for several years had been almost stationary, and the increasing amount spent for advertising, together with the growing depreciation of returns was becoming serious.

So much so that the owner of the business contemplated selling out and going into some other line, before he had begun to actually lose money instead of making any.

A condition like this may be due, of course, to various causes.

In this particular instance, however, I discovered that the fault evidently lay in the fact that sufficient care had

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## Chapter XII: Mail Order by Hit or Miss

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not been devoted to the making up of the list of mediums, and also that the copy was not properly used.

For instance, publications were used that were, except for a limited percentage, bought and read almost entirely by a class of people who rarely, if ever, would buy the article by mail. The loss of invested advertising money was heavy. The cost of inquiries and sales per dollar of advertising was far too high.

Yet the advertiser used the publications because, he said, "It gives tone and class to the product."

In other cases, publications were selected that were read almost entirely by the opposite class. They went to people of *small incomes, limited education, and a low grade of intelligence.*

The cost of inquiry in this class of mediums was very low—but the sales per dollar of advertising were so small that a blind man could have seen that the advertising was not being read by a productive class.

But the advertiser was "dippy" on getting *inquiries* at low cost and paid little attention to the *real test of sales per dollar of advertising.*

His copy, I found, was written at the last minute. He wrote it himself because he refused to pay an advertising agency for copy service, and "anyway," he said, "I can write better copy about my own business than anyone else."

So the copy that went into the high-class, cultured intelligent mediums was of exactly the same kind that went to the half-educated, limited readers of the "popular" publications.

It struck what the advertiser called "a happy medium." Which was *below* the plane of living and intelligence of the better grade buyers. And *above the heads* of the "masses."

So it failed in *both* cases to reach *full* effectiveness.

I told the man this. At much greater length, to be sure.

But I could do nothing for him.

"Ephraim" was "joined to his idols."

I let him alone.

### Goods Did Not Look Like Catalog Illustrations.

This was a case of a mail order advertiser who sold women's and children's clothing.

In answer to inquiries developed by advertising in the women's papers he sent out two catalogs—one of women's wear and one of children's.

His sales were good, but the percentage of complaints and returns was out of all reason.

Curiously enough—he said—the women, in returning the goods, gave no reason whatever for so doing. Simply said they “were not as represented” and demanded their money back.

The advertiser had several ways of trying to hold the sale. By offering other goods, substituting even a *better grade*, at times, etc.

But in nearly every case his efforts failed and he was obliged to refund.

I spent some time in his office one week looking over this and other matters connected with his mail order system.

I very soon struck what I felt confident to be the clue to the trouble. Though the man himself seemed to consider the point a trivial one.

It was simply that the goods with which he filled his orders *differed slightly* from the illustrations in the catalog.

“No. 567,” for instance, might show a long coat with a certain style of cut to the collar and a definite button system. While the article sent in response to the order would have a collar cut on somewhat different lines and possibly *four* instead of *three* buttons.

“But I am sending the *very latest style*,” the man protested, “and I tell them so when I ship it.”

“Then why doesn't the *illustration show it*?”

“Why, you see, it costs a lot of money to make all those cuts over every season, so I have them trimmed and altered a bit, and let it go at that.”

It had never seemed to occur to this man that women who bought the class of goods he was selling were looking

to his *catalog* as a *style index*, and that it set up a “sales resistance” at once when he shipped them something unlike the pictures.

I knew of a curious case of this kind once.

A man in making up his catalog photographed long coats so that the lap appeared to be from right over left, the reverse of what the coats really were. This, it will be easily seen, was because he had stripped and reversed the engraving, in order to make the figures face a certain way in the book. Quite a number of coats bought from these illustrations were returned, because the women who sent in the orders said the coats were different from the cuts. They *didn't button the same way*.

Others may have found this same experience with reversing engravings.

This man who used his last year's cuts was amenable to reason, and found that it saved him money to *throw away* all out of date cuts at the close of each season.

The loss on returned goods was much more than the extra cost of catalog cuts.

### A Thing That's Worth Doing Is Worth Doing Well.

Lots of men who will instantly agree with the old proverb, fail to see how it applies to their own methods.

As an instance, note the thousands of advertisers who use follow-up letters, and who *know perfectly well* that the filled-in name and address should match with the body of the letter, and that the signature should *look* as if it had been signed in pen and ink.

Yet when the season begins and time is short, they will permit thousands of follow-up letters to go out that might just as well have been thrown into the waste basket in the first place and have saved the postage.

Granted that in some cases a letter *can* be sent out *without* any filled-in name or address, and even under one cent postage, and still bring effective results.

Yet if the occasion seems to demand a facsimile letter, it should by all means *be* a facsimile, and not a wretched botch such as are thousands that clutter up the mail bags.

### Hidden Causes of Reckless Advertising Waste

I put in an office plan of follow-ups, both of letters and other direct-mail matter, for a man who had not been realizing anything like full returns from his advertising.

He had plenty of inquiries, but the sales, which were largely resultant from the follow-up matter, were much below what he had every right to expect.

I found some cheap help filling in letters and mailing them in tremendous numbers, but in a slipshod, careless fashion, as if the sole and earthly reason for sending them out was to get them out of the office and into the mail.

That anything *further* was wanted never seemed to penetrate the silly heads of the crowd of employees who did the work.

To replace the whole inefficient crew with some really useful people took me just a week. And the purchase of a few dozen typewriter ribbons and a little more care in preparing the letters made all the difference in the world in the responses received.

Closer checking of orders on the card files, better stationery, and the realization by the employees that the letters were meant to *do something*, and hence were of value, made a big increase of profits in a few months.

I believe I am safe in saying that the principle of the old adage, "more haste, less speed," applied to many mail order systems would be found a money-saver.

There is far too much of the "rush" to do a big business, and too little care in the doing of it. Less business, or more time spent in doing things *right* would be found an interesting exercise in many offices.

### An Experience in Ratio.

To many mail order advertisers it is a well known fact that to simply increase the amount of the advertising appropriation will not necessarily increase the total volume of business.

Now and then I run across a man who "pooh poohs" this idea.

I met such an one a year or so ago.

He had been investing about \$10,000 yearly in advertising in a selected list of mediums, which he claimed to

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have tested to a point where he knew absolutely what they would produce.

His intention, now, was simply to treble his business at one effort by increasing his advertising appropriation from \$10,000 to \$30,000.

So much business for \$10,000—*three times that amount* for three times the investment.

On the principle that if one hen lays 200 eggs a year and produces a profit of \$2.00, 1,000 hens will lay 1,000 times as many and produce \$2,000 profit. Or if one acre of apples produces a net profit of \$500, 50 acres will produce \$25,000.

It rarely, if ever, works out just that way.

So this advertiser found out. But not until after he had declined my advice and suggestion and had tried it out for himself.

Then he came back to me to find out "*why?*"

I illustrated it to him, crudely, by the idea of hauling a net through a pond, or lake, of limited area in which were only a certain number of fishes.

The first drag would produce, say, 100 fish.

But the subsequent hauls would naturally contain a less and less number of fish.

This, of course, isn't a very perfect simile, but it was at least forceful.

A first, strong advertisement would appeal to the most susceptible of the subscribers to the medium used. Or to those who were immediately in need of the article advertised.

The second advertisement would only attract an equal number of inquiries in the event that it was a fresh appeal, a different article, or that the "cumulative effect" made it stronger than the first advertisement.

The product that this advertiser was selling was one that did not admit of a different offer, and countable results from "cumulative effect" evidently could not be depended on in his case.

It resulted, therefore, that to simply treble his advertising in the same mediums as he had used before failed to produce three times the number of inquiries and sales.



He had evidently reached the point where the ratio of his advertising returns was about as high as he could expect from the *usable* circulation of the periodical.

What he *should* have done, therefore, was to have made an exhaustive analysis of the various publications he was then using, in the endeavor to ascertain, as accurately as he could, the total probably productive circulation of each, as applied to *his own business*.

The available circulation on some *other* product might, of course, have been entirely *different*.

And, having analyzed the possible buyers of his product as closely as possible he should then have endeavored to use his expanded advertising on fresh fields of effort. In this way he might have been able to average about the same ratio of returns as he had received from his first \$10,000.

I am assuming that he had been using large enough space and good enough copy to have *measurably realized* on the available reply-effectiveness of his list of mediums.

This, of course, brings up at once the whole big question of "exhaustion of circulation"—which as Kipling says, is "another story," and cannot be discussed at this time.

### A Misuse of Keyed Advertisements.

To successfully "key" an advertisement is becoming more and more of a problem.

In many cities the local postoffice officials refuse to permit the use of "fake" or "blind" street numbers, requiring advertisers to use only those street and building numbers to which they are *legitimately entitled*.

The advertiser has therefore devised a system of other keys based on catalogs with different numbers for the different publications in which his ad appears. He has also used devices such as "Station A" or "Station No. 6," etc., as keys.

In some cases these fictitious "stations" have also been ruled out by the postoffice authorities.

Recently the postoffice department officials at Washington have taken this matter up and I understand "fake" street numbers, artificial "station" numbers, etc., will *all* be prohibited.

This is going to make the problem of keyed ads still more difficult.

I have in mind a situation resulting from poor keying that led to serious results.

An advertiser used "Station" numbers, and in his different ads stated his catalogs with different numbers so that in this way he could identify the source of inquiry.

But inquirers, in writing, failed to mention any "station" number, and simply asked for "latest catalog," or "1910 catalog." In this way a very large percentage of the inquiries were untraceable.

It was not considered wise to send post card or other tracer to persons who had asked for catalogs, as is sometimes done in an attempt to supply information as to the source of inquiry.

The result was, therefore, that approximately 60 to 70 per cent of the inquiries and resulting sales were *untraceable*.

The advertiser declined to divide the unkeyed replies, pro rata, among the mediums used. He, in common with others, who have faced this same problem, did not consider this fair to all.

Possibly it *may* lack somewhat in accuracy, but it would have been better to do this than to follow the plan *he* adopted.

For he used the actual, keyed and traceable returns as a basis on which to figure the total value of the various publications used and in so doing he marked a large number of the media as not coming up to his standard of productiveness.

These, in many cases, he cut off his list for the next year. His claim was that they "did not pay."

He gave them *no credit whatever* for their proportion of unkeyed sales. In fact his idea seemed to be that the unkeyed sales were due to cumulative effect of previous advertising, and to the recommendations of friends and former customers.

In this way he blindly and obstinately threw out medium after medium that was undoubtedly paying him well, while he retained and used large space in publications that were

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*Hidden Causes of Reckless Advertising Waste*

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producing lots of cheap keyed inquiries, but whose total contribution to the gross volume of sales was negligible.

His advertising finally became so unproductive that he stopped it entirely, sold out his business and quit the "game," as he called it, disgusted, asserting that "advertising didn't pay" and "was too much of a gamble for him."

A very small amount of common sense and judgment applied to his advertising keys would have shown him how he had deliberately cut his own throat by "killing" his productive mediums and wasting his advertising fund in sterile publications.

### Mail Order Advertising Requires Mastery of Detail and Office System.

The man in charge of the advertising and selling end of a mail order business must be a master of detail and of office system if he is to make it a success.

In the great mail order houses there are, of course, a number of heads of departments to look after the multitude of detail that comes up.

But there are multitudes of important mail order houses where the advertising man is also the "sales manager," "office manager," "correspondent," etc.

It is a huge mistake to put a cheap, inexperienced man in this position. He will almost inevitably fail.

It is about as big a mistake for the *head of the business* to interfere in matters where a trained man has been employed to look after advertising and other details.

If he has no confidence in the man he employs to do this work he should not employ him in the first place.

If he *has* confidence in him he should pay him what he is worth and give him a free hand.

Or at least he should be guided by the advice of those who have made a specialty of this phase of advertising and not, blindly and arbitrarily, "cut off his own nose to spite his face."

If these men whom I have used as illustrations of this brief article had heeded the counsel of experienced advertising managers and agencies my chronicle of the record would have been a brighter one.

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B66

Boulder, pseud.

Hidden causes of reckless  
advertising waste

F. R. Marshall  
3145 Decatur Ave.

DEC 20 1926

DEC 16 1945

*[Handwritten signature]*

~~Robert Brown~~  
~~W. H. W. D. 411~~  
JAN 1 1930  
~~W. H. W. D. 411~~  
JAN 15 1930

JAN 15 1930

JUL 6 1921

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